



## Accelerating State Adoption of Sector Strategies

The National Governors Association, the National Network of Sector Partners, and the Corporation for a Skilled Workforce, with support from the Ford and Mott Foundations, are working together to accelerate the expansion of state policies that support industry sector-based strategies. The goals of the project are to expand and institutionalize sector strategies in states where they have been established; increase the number of states that establish sector strategies; and expand the knowledge of sector strategies in states that have limited knowledge of them.

### **Looking to Strengthen Competitiveness and Employment?**

**Sector strategies** make it possible for a state to focus on key regional industries. They bring together economic and workforce development and education, advancing the way you think and act on:

- **Economic development issues** such as global competition, outsourcing, critical skills shortages, and linking economic and education strategies. Sector strategies foster innovation and competitive advantage in global markets through focused attention on key industries and development of extensive knowledge about their needs.
- **Advancement of low-income workers and how to sustain middle-class jobs** in the context of knowledge and skill levels that do not meet industry needs and poor job quality across industries and multiple occupations. Sector strategies can help create new jobs and new opportunities for hard-working men and women by helping to promote education and training programs, develop career ladders, and ensure the workforce is appropriately skilled to help employers grow and prosper.
- **Leveraging and aligning both resources and strategies** to strengthen agility, flexibility and responsiveness for the benefit of industries and their workers. Sector strategies can bring coherence to the public response by making it possible to work across individually funded programs and focus priorities in the same strategic direction.

## A Strategy with Proven Results

It is estimated that over fifteen states are currently using or developing sector strategies and results are now clearly identifiable:

### Benefits to Employers

A third party evaluation of sector initiatives in the State of Massachusetts showed a **41% reduction in turnover; 19% reduction in rework; 23% reduction in customer complaints;** and 100% of companies reported that partnerships with other companies were valuable.

### Benefits to Workers

In a survey conducted by the Aspen Institute of participants in six sector initiatives across the U.S., the percentage of respondents who worked at some point during the year went **from 74% before training to 94%** after training. Among the 94 percent of respondents who worked, median personal earnings rose **from \$8,580 at baseline to \$14,040 in the year following training to \$17,732 in the second year after training.** Further, **48% of participants moved out of poverty** based on earnings alone.

## Characteristics of Sector Initiatives:

- They **focus intensively on a specific industry** over a sustained time period, customizing solutions for multiple employers in a region.
- They **strengthen economic growth and industry competitiveness, benefit low income individuals** by creating new pathways into the industry and up to good jobs and careers, and sustain/increase middle-class jobs.
- They are **led by a strategic partner** with deep industry knowledge.
- They **promote systemic change** that achieves benefits for the industry, workers, and the community.

## The Opportunity

Are you a state that wants to expand your sector strategies to the next level, or initiate development of a sector strategy, or consider whether developing a sector strategy will help you achieve your goals? You are not alone. State development of sector strategies is at a tipping point. Here's why:

- **The concept of sector strategies has the attention of states.** A sufficient number of states have either launched sector strategies or are now setting support for sector initiatives as a priority to make this an area of great interest for Governors and their workforce and economic development advisors as they look for solutions to balancing the economic and social challenges they

face. There is a body of experience emerging that can be shared among the states.

- **The speed of global economic change** combines with tight state budgets to make Governors extremely open to new policy approaches that offer a basis for setting priorities and leveraging multiple funding sources to address the resulting social and economic challenges.
- **Sector strategies offer a way to combine being “demand-driven” with focusing effectively on how at risk workers find and move through career pathways.** Sector initiatives can be an important part of reducing the cost and pain of transitions both for employers and workers.
- **Federal laws, including workforce, welfare and education, are in the midst of reauthorization.** It is possible that reauthorization of several related laws will create funding streams that can support sector initiatives and create a greater demand for strategies that link lower skilled workers to higher quality jobs.
- **States are being pushed in this direction both from above and below.** Current federal strategies stress industry-centered approaches. At the same time, many local constituencies, including workforce boards, community based organizations, trade associations, unions and community colleges are engaging in sector initiatives to bridge the needs of at-risk workers and employers in key industries, and they are encouraging states to support these initiatives.
- **States have funds that sector strategies can leverage and align with other resources** including locally controlled public funding, employer funding, and fees.
- **States can provide crucial support and legitimacy to the work of regional intermediaries.** States that have undertaken substantial sector strategies are finding extensive opportunities through these relationships, including alignment and support with a wide array of organizations who are acting as conveners, facilitators, project managers, and other aspects of being intermediaries with key industries in their regions.

### **Learn from and about What Other States are Doing**

Through its partnership, the National Governor’s Association, the National Network of Sector Practitioners, and the Corporation for a Skilled Workforce will provide a three-tiered approach to helping states accelerate the adoption of sector strategies.

A **Roundtable** will help states identify which tier is appropriate for them. The roundtable will bring together all interested states for an initial two-day session to provide information about the project and potential benefits of sector strategies for achieving state workforce and economic development goals and to generate interest in pursuing sector work. If interested, states will have an

opportunity to identify which tier among the three is appropriate for them and how they can participate:

1. A **Learning Network** will be formed for up to six states with a year or more experience. We believe that convening and facilitating leadership teams that bring together state officials who have adopted the premise of sector strategies and leaders of sector initiatives in the invited states can greatly assist the continued development and expansion of sector strategies. A peer-to-peer network is an extremely effective mechanism for deepening their practice and for identifying and solving problems as well as recognizing opportunities. The learning network will meet three times over a fifteen month period and will be provided other learning opportunities during this time including webinars and conference calls.
2. A **Policy Academy** will be provided for up to six states that have decided to pursue sector strategies but are just starting; a significant number of states are in this situation. We will conduct a policy academy combined with site-based technical assistance targeted to teams from a select group of these states before and after the Academy. An academy can assist states that are just starting to move from the conceptual to a plan of action for initiating and supporting sector strategies. The ongoing work involved in the Policy Academy will take place over twelve months.
3. A **Knowledge Exchange** will provide resources to all states, and focus on providing lessons on sector strategies, and a venue to discuss them, to states that are considering developing them. We will provide information, tools, and products developed in the learning network and the academy. Dissemination will occur throughout the project in a variety of ways including webinars and to ensure the timely availability of information for states considering these strategies now, not just two years from now.

### **Design Principles for Sector Strategies**

Through the course of the project and its three tiered approach, attention will be directed to the major design principles for sector strategies:

- **Encourage/provide incentives** for regional partnerships
- **Support regional collaboration across systems** for industry analysis, planning, and implementation
- **Target specific, critical industries**
- **Focus on occupations in which workers can achieve self-sufficiency, and occupations leading to them**
- **Allow flexibility** so programs can meet industry and worker needs
- **Establish accountability measures** designed to ensure investments generate intended outcomes

## **For More Information**

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The project will assist state teams to develop sector strategies. State teams will be selected in the Summer of 2006 and the project will run through December 2007.