

Supporting Sector Strategies in the South

March 2008

by

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Southern Growth Policies Board (SGPB)



National Network of Sector Partners (NNSP)



Background

Southern Growth Policies Board (SGPB)

Formed by the region's governors in 1971, Southern Growth is a regional economic development think-tank serving Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Virginia, and West Virginia. The thoughts, ideas and concerns of Southerners represent a critical component of Southern Growth's research. The annual *Report on the Future of the South* includes input from a series of community forums, state focus groups and an online survey, tapping well over 4,000 people to help shape new ideas, recommendations and build consensus.

Southern Growth offers cutting-edge research and state policy development through its four advisory councils—Community, Technology, Global and Workforce. In a knowledge-driven economy, no state or local economy can be more competitive than its workforce enables it to be. The Council for a New Economy Workforce (CNEW) is a regional forum that seeks to share that message and the corresponding policy implications. CNEW conducts policy research and promotes innovative workforce development programs to accelerate the South's transition from a low-skill, branch plant economy to one characterized by skilled labor and entrepreneurial talent. Its members are listed at the end of this report.

National Network of Sector Partners (NNSP)

The National Network of Sector Partners is a national membership-based organization that provides information and resources to the sector field. Membership includes sector program leaders, policy makers, funders, researchers, and supporters. Its mission is to encourage the use of sector initiatives as valuable tools for enhancing employment and economic-development opportunities for low-income individuals, families, and communities. The goals of NNSP are to:

- Expand the commitment of public and private resources to industry-specific workforce development
- Raise awareness about the benefits of sector initiatives
- Increase the quality, capacity, and number of sector initiatives
- Achieve the enactment of supportive public policy
- Provide information and resources to those working in the sector field

NNSP is guided by a National Advisory Committee of sector initiative leaders, national organization representatives, business and labor leaders, and funders. The National Network of Sector Partners was founded in 1999 as a project of the Insight Center for Community Economic Development.

Acknowledgements

The Southern Growth Policies Board and National Network of Sector Partners would like to thank: Mississippi Department of Employment Security, Co-Sponsor of the Southern Sector Initiative Convening, and Hinds Community College, Host of the Southern Sector Initiative Convening.

State interviewees

- Arkansas—Artee Williams, Director, Arkansas Department of Workforce Services
- Georgia—Debra Lyons, Director, Governor's Office of Workforce Development
- Louisiana—Jim Henderson, Senior Vice President for Career and Technical Education, Louisiana Community and Technical College System
- Mississippi—Tommye Dale Favre, Executive Director, Mississippi Department of Employment Security
- North Carolina—Hawley Truax, Senior Policy Advisor, Office of the Governor; Roger Shackleford, Executive Director of Workforce Development, North Carolina Department of Commerce
- Oklahoma—Norma Noble, Deputy Secretary of Commerce, Workforce Solutions, Oklahoma Department of Commerce; Terry Watson, Director of Workforce Solutions; Tom McKeon, President, Tulsa Community College

Thanks to the Charles Stewart Mott Foundation and the Foundation for the Mid-South, which provided support to the National Network of Sector Partners and Southern Growth Policies Board for the Southern Sector Initiative, the outputs of which include this white paper and a convening that both showcased best practices and identified opportunities and barriers related to state sector strategies in Southern states.

Executive Summary

This white paper documents the support by Southern states for industry sector-focused (“sector”) workforce and economic development initiatives, identifies opportunities for states’ adoption of sector strategies and barriers they face, and describes actions and resources that can help states organize workforce and economic development around industry sectors. It seeks to encourage and support the adoption of “sector-friendly” policies at the state level, such as directing health and human services, workforce, education, and economic development resources towards industry-targeted training for low-income, low-skill individuals. It is issued in the context of high interest in sector initiatives among leaders across the region, many of whom have embraced sector initiatives as a means of creating opportunities for upward mobility among low-wage, low-skill workers while providing companies with the workers they need to thrive in a knowledge economy.

Recommendations to advance sector initiatives in the South

- 1) **Provide technical assistance for state policy makers and administrators:** Offer learning opportunities to enhance decision makers’ understanding of both the benefits and the mechanics of implementing a state sector strategy. Make available services such as mini-academies and peer learning forums across states. Publish best practice guides and ‘How to’ manuals for state administrators and policy makers. Furthermore, provide direct technical assistance and consulting to states that are ready to launch a sector strategy.
- 2) **Develop the interest of philanthropic and other investors to assist in sector initiatives:** Engage existing philanthropy as partners in identifying and funding potential states and sites where sector strategies can be implemented. Educate potential funders on sector strategies and opportunities to finance them. Create funding collaboratives, long-term partnerships between philanthropy and the public sector, which will seed and sustain sector initiatives.
- 3) **Engage political leadership to make sector workforce and economic development a priority:** Educate elected officials on the results produced by sector initiatives and the potential to strengthen workforce and economic development infrastructures to target and support key industries. Develop communications strategies that convey the value and effectiveness of sector strategies.

Methodology

Southern Growth partnered with the National Network of Sector Partners and the Mississippi Department of Employment Security and Hinds Community College to host the Southern Sector Initiative (SSI) Convening on September 13, 2007 in Jackson, Mississippi at the Mississippi Telecom Center. More than 90 stakeholders attended the event including industry association representatives, economic development professionals, workforce development practitioners and higher education (community college and four-year universities) administrators from eight Southern states—Alabama, Arkansas, Georgia, Louisiana, South Carolina, North Carolina and Tennessee, as well as Mississippi.

The convening opened with presentations from national, state and regional sector initiatives that varied in size, institutional leadership and location. Presenters included Sarah Oldmixon from the National Governors Association Center for Best Practices, Anne Shelton-Clark from Mississippi's Coahoma Community College, Angela Duran from Arkansas' Southern Good Faith Fund, and Norma Noble from the Oklahoma Department of Commerce.

After the plenary session, participants then divided into state working groups using the morning's presentations to guide discussions on expanding the use of sector initiatives in their own states.

The meeting produced the following outcomes:

1. *Created a multi-state working group of stakeholders* interested in expanding the sectoral approach in the South. Southern Growth publicized the convening results and as a follow-up, designed a brief online survey to further explore the meeting participants' needs and gauge the event's success. Overall, eighty percent of the meeting participants shared their thoughts through the follow-up online questionnaire. The Louisiana and Tennessee working groups were especially pleased with the sessions. When asked in the online survey, "what was the most informative part of the day and why?" all of the survey participants in Louisiana and Tennessee responded, "(The) state meeting." For many, it was also the first time to think about organizing social services, workforce and economic development resources around Louisiana's targeted industries and their needs. A majority of the survey respondents, 66 percent, expressed interest in hosting an event similar to the Southern Sector Initiative in their own states.
2. *Identified policy gaps and strategic needs in at least six Southern Growth member states.* The working groups identified three actions that Southern Growth and partners could take to further the use of sector initiatives in the represented states:
 - a. *Provide technical assistance and training* through mini-learning labs with key state leaders and publishing issue-based best practices guides.

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- b. *Broaden the group of stakeholders* by including key state-level policymakers and industry representatives in each discussion and engage stakeholders at the local level to ensure ethnically and institutionally diverse representation.

 - c. *Identify emerging demographic and labor force trends/constraints* to help each state determine whether sector initiatives should be geared toward the incumbent, unemployed or future (K-12 students) labor force.

As a follow up to the SSI Convening, Southern Growth and the National Network of Sector Partners (NNSP) developed this “Supporting Sector Strategies in the South” white paper. To support the development of this paper, Southern Growth and NNSP interviewed key Southern leaders in education, economic and workforce development (see Acknowledgements, inside cover).

Introduction

America faces a new set of realities driven by the global economy and its increasing reliance on knowledge and innovation. In the words of U.S. Chamber of Commerce President and CEO, Thomas Donohue, “It’s perfectly clear that the toughest, most important competitive race in the 21st century worldwide economy will be the global race for talent and workers.”¹ Workers, the main ingredient for success, must exhibit flexibility in the ever-churning economy, continuously learning new skills and rapidly switching gears. The most successful nations, regions, and states will be those that can supply a pool of workers that meet the labor market’s ever-changing and increasing demand for skills.

In the midst of this transition, businesses increasingly confront a shortage of workers to fill skilled occupations, and workers face difficulties accessing training that leads to these jobs. The National Manufacturing Association’s 2005 survey found that more than 80% of employers reported having trouble finding qualified employees². Conversely, working men and women, stymied by a lack of specialized skills, find it harder to access jobs that pay enough to make ends meet.

These challenges, faced by both workers and employers, are particularly acute in the South. From World War II through the 1980s, the region’s competitive advantage rested upon its abundance of low-cost labor and inexpensive land. The widespread introduction of labor-saving technologies and the opening of global markets stalled the South’s growth relative to the nation. These trends revealed generations of under-investment in public education; fragmented social service, workforce, and economic development systems; and a growing class of unemployed and underemployed workers, often in pockets of highly concentrated poverty.³ The knowledge economy left behind large segments of the South’s workforce.

The South must shift its thinking and approach to adequately respond to the demands of the knowledge economy. This shift requires that the South redesign and redeploy its workforce development, education, economic development, and social service assets. Nationally and across the South, state governments are finding that there is a successful way to do so. By implementing sector strategies states can effectively support the economic vitality of key high-growth, high-wage industries and their workers.

This report describes sector strategies and why they are important to the region. It then highlights four approaches used to implement state sector strategies. It also includes examples of Southern states’ use of these approaches, and results from a convening and a series of interviews. The convening brought together more than 90 stakeholders in Jackson, Mississippi, including industry association representatives, economic development professionals, workforce development practitioners and higher education (community college and four-year universities) administrators from eight Southern states—Alabama, Arkansas, Georgia, Louisiana, South Carolina, North Carolina and Tennessee, as well as Mississippi. Southern Growth Policies Board and the National Network of Sector Partners also conducted

interviews with nine key state officials from Arkansas, Georgia, Louisiana, Mississippi, North Carolina, and Oklahoma. The report concludes with recommendations resulting from the convening and interviews.

Sector Initiatives: What They Are and Why They Matter to the South

A number of Southern states have taken significant steps to develop sector strategies and have benefited from participation in a project co-sponsored by the National Governors Association (NGA), National Network of Sector Partners (NNSP)⁴, and the Corporation for a Skilled Workforce (CSW) that assists states to develop state sector strategies. The project, *Accelerating State Adoption of Sector Strategies*, has provided several reports, including the brief, *State Sector Strategies: Regional Solutions to Worker and Employer Needs*, that documents how states support sector initiatives which help workers and companies succeed in the knowledge economy.

Sector initiatives have four defining characteristics. They:

1. Focus intensively on a specific industry over a sustained time period, customizing solutions for multiple employers within a regional labor market.
2. Strengthen economic growth and industry competitiveness by creating new pathways into targeted industries, and toward good jobs and careers. This approach benefits low-income individuals and sustains and creates middle-class jobs.
3. Utilize workforce intermediaries, organizations that have a deep understanding of worker and employer issues in an industry and within a regional labor market. These organizations facilitate the many stakeholders involved to develop and implement industry-based workforce solutions.
4. Promote systemic change that achieves benefits for the industry, workers, and the community.

The four characteristics of sector initiatives mirror the goals and approaches described and embraced in Southern Growth Policies Board's various Reports on the Future of the South (RoFS). In 2002, hundreds of Southerners established the ambitious yet imperative end of "creating a talent pool capable of meeting current market needs as well as the opportunities of the emerging knowledge-based economy" (RoFS, 2002).

Workforce Intermediaries

Workforce intermediaries that lead sector initiatives have a deep knowledge of an industry—both of employers and workers. They are committed to improving employment for low-income workers and producing win-win solutions for them and the industry in which they work. They work with industry and key stakeholders to identify workforce needs, create workforce solutions, and integrate available public and private resources to support these solutions. They promote systemic change that benefits workers who are not directly involved in the sector initiatives' programmatic work, their employers, and their communities.

The 2007 RoFS described the means to that end as the Convene-Connect-Commit process, a process embodied in the four characteristics of sector initiatives.

Sector initiatives convene, connect and commit employers, educators, parents, students, individuals, economic developers, social service providers and other members of the vast and disparate workforce development system, to “a new way of responding to each other institutionally and individually.”⁵ This new way of responding involves what the 2002 Report on the Future of the South describes as:

1. **Creating institutional seamlessness:** *Create seamless and easily accessible workforce systems that respond to the needs of industry*

Sector initiatives create seamlessness by delivering workforce development, economic development, education, and social services in a client-based format. States support institutional seamlessness by merging funding streams and bringing about collaboration across agencies and jurisdictional boundaries – often as the result of gubernatorial leadership and related incentives. The coordination of activities among key stakeholders and multiple-employer focus allows sector initiatives to capitalize on economies of scale by spreading the costs and risks of new program development across multiple firms.

2. **Tapping into underutilized human capital:** *Fully utilize all potential sources of workers and identify and develop underutilized sources of workers and talent*

Sector initiatives help states identify and tap underutilized and underemployed workers, addressing the barriers faced by workers in securing employment or advancing in high-wage, high-growth industries. Sector initiatives also utilize the expertise of workforce intermediaries, and coordinate training and support services to guide low-wage, low-skill workers on career paths out of poverty.

3. **Building a self-directed workforce:** *Create a workforce with the attitudes, learning habits, and decision tools necessary for upward mobility within industries*

Sector initiatives create a self-directed, demand-driven workforce system due to the high level of employer involvement. They focus on, and succeed in giving individuals the tools needed for economic mobility, and businesses the resources needed to attract and retain skilled workers. Sector initiatives measure the benefits of participation to both firms and workers including pre and post training wages, employee retention, and employer satisfaction rates.

Sector initiative results

Industries have seen dramatic results from their participation in sector initiatives. In Massachusetts, employers who participated with a sector initiative reported a 41 percent reduction in turnover, a 19

percent reduction in reprocessing, and a 23 percent reduction in customer complaints. Additionally, 100 percent of the companies stated that their participation in the industry partnership was valuable.⁶

Sector initiatives produce impressive outcomes for workers and recipients of public assistance. For example, an evaluation of Project Quest in San Antonio, Texas found a dramatic reduction in public assistance for participants in its sector program. After participating, eighty-seven percent of participants discontinued their collection of Temporary Aid for Needy Families benefits, and sixty-six percent stopped receiving Food Stamps.⁷

A national Aspen Institute study found that workers in sector-based programs saw their median personal earnings rise from \$8,580 to \$14,040 in the first year following training, and \$17,732 after two years. Based on earnings alone, 48 percent of participants exited poverty.⁸

Utilizing Sector Policy to Strengthen Regional Labor Markets in the South

Nationally and across the South, state governments implement sector strategies to effectively support the economic vitality of key high-growth, high-wage industries and their workers. To implement sector strategies, state leaders have engaged in the four approaches listed below.

- **Aligning Agencies:** Increasing collaboration between public and private institutions that oversee and conduct workforce, economic development, education and social services.
- **Creating Funding Strategies:** Providing and aligning state funding to support the creation and implementation of regional sector initiatives. This may be done through grants that encourage regional collaboration or by directing workforce resources toward a specific industry.
- **Building Sector Intelligence:** Analyzing labor market changes to produce workforce trend reports and industry occupational projections, conducting workforce surveys and skill gap analyses, identifying and defining boundaries of regional labor markets, charting the skills

Philanthropy in Action

National and regional foundations have been crucial in assisting states to rethink and redesign their public workforce, economic, education and social service infrastructures. For example the Charles Stewart Mott Foundation in Michigan contributed to a statewide sector fund called the Michigan Regional Skills Alliances initiative that created regional sector partnerships. Additionally, they have provided funding for capacity development activities such as peer learning and direct technical assistance. Philanthropic actors have been change agents in assisting the public sector to re- envision its role in workforce development.

needed for specific occupations, and creating certification programs that validate workers' ability to perform effectively in a variety of occupations.

- **Building Capacity:** Providing professional development and technical assistance to state administrators and regional stakeholders on how to expand and strengthen regional collaboration, industry-training programs, and other aspects of designing and implementing sector strategies. Capacity building includes technical assistance to resolve any problems that arise during implementation.

States across the South are implementing sector strategies by aligning agencies and creating funding strategies while building sector intelligence and capacity. Additionally, other states have taken steps in these areas that could serve as building blocks for the development of sector strategies in the future.

Aligning Agencies to Support Regional Sector Initiatives

Sector initiatives' activities fall under the purview of multiple state agencies such as labor, economic development, education, transitional assistance, adult basic education, and human services, as well as agencies that regulate and/or provide funding for particular industries. As part of a sector initiative, state governments can align agency missions, resources, and activities in three ways:

- 1) Creating a multi-agency gubernatorial cabinet,
- 2) Merging agencies responsible for workforce development, or
- 3) Creating an office responsible for workforce activities.

Statewide leadership creates a more efficient, streamlined approach toward impacting key industries. State policy encourages key stakeholders within a region to coordinate with each other to achieve similar outcomes.

Interagency alignment is a key component of sector strategies because it establishes a common understanding and encourages collaboration among agencies. By allocating support and funding on a regional versus organizational basis, this collaboration overcomes silos and territorial conflicts and facilitates a faster response to targeted industries and their workers.

Some states utilize agency alignment to implement statewide sector initiatives as in Oklahoma, Louisiana, and Georgia. Other states, without necessarily having a state sector framework, have agency alignment that can be used as the building blocks for one. These states include Tennessee, Mississippi and Alabama. Examples from both categories are discussed in this section.

Creating a multi-agency gubernatorial cabinet

In Oklahoma, the governor created the Workforce and Economic Development Council (the Council), a council of more than 10 state agencies and designated the Workforce Solutions Staff Team (WSST) as staff support to the Council.⁹ The Council coordinates activities between state agencies responsible for workforce development policy. The collaboration improves the productivity and competitiveness of industries and workers across the state by building a stronger education pipeline and strengthening governance and accountability in the workforce and economic development system.

In Louisiana, the governor established the Louisiana Recovery Authority (LRA) to coordinate the rebuilding and recovery efforts post-Katrina and Rita. The LRA was created “to ensure that Louisiana rebuilds safer, stronger, and smarter than before.”¹⁰ The LRA established a Workforce Subcommittee to coordinate efforts between organizations. Principally these include the Louisiana Community and Technical College System, the Workforce Commission (State WIB), Louisiana Department of Labor, and Louisiana Economic Development. The Workforce Subcommittee identified the sectors critical to the economic and physical recovery of the state, focusing on construction, advanced manufacturing, healthcare, transportation, energy, and the cultural economy. Additionally, the workforce subcommittee designated \$38 million in emergency Community Development Block Grant funding to create sector initiatives within the regions affected by Hurricanes Katrina and Rita.

There is evidence that some Southern states have aligned their agencies in ways that could provide building blocks for state sector policy frameworks. For example, Tennessee created the Governor’s Jobs Cabinet. The Cabinet, established by Executive Order in March 2003, increases interagency collaboration and communication among traditionally excluded or isolated stakeholders. Cabinet members include Commissioners of seven state agencies (such as Labor and Workforce Development, Agriculture and Education), as well as representatives from higher education and the business community.¹¹ The cabinet “conducts tours of the state in an effort to identify and address the economic development needs of specific areas. Ultimately, the mission of the group is to ensure that every part of Tennessee ‘gets a piece of the action’ in the growing economy, as well as to preserve the state’s urban and rural heritage.”¹²

Virginia’s governor also created a sub-cabinet on workforce development that brings together all the agency heads with resources tied to developing the state’s workforce. According to the National Governors Association, the cabinet has been successful in leading significant changes, including planning related to the recent announcement by the governor that the ‘one stop centers’ which are a key component of the workforce system will be operated through the community college system. In effect, the state assigned the community colleges the lead role in workforce development.¹³

Merging agencies responsible for workforce development

Furthermore, several states also strengthened agency alignment by consolidating workforce and economic development activities into one agency. While creating the Governor's Council of Workforce Development, Oklahoma also reconstituted the State Workforce Investment Board and created a Deputy Secretary of Commerce for Workforce Development position within the Department of Commerce. Commerce then assumed control over the state's major workforce programs (the Employment Security Commission and Workforce Investment Act activities) thus merging workforce and economic development activities into one agency.

Mississippi, South Carolina, and West Virginia have all integrated their workforce and economic development activities in ways that could support the implementation of sector strategies. The Mississippi Comprehensive Workforce Training and Education Consolidation Act of 2004 overhauled the state's workforce and economic development approach, reduced the replication of services, and broke down agency silos. The Consolidation Act merged state and federal workforce development responsibilities and funding streams into one unified agency, the Mississippi Department of Employment Security. Prior to 2004, the State Workforce Investment Board handled federal WIA resources and the State Workforce Development Council handled state funding for a community and junior college system of one-stop workforce centers. This arrangement resulted in a lack of coordination and expensive duplication of effort, ultimately affecting the state's ability to ensure the availability of a competitive workforce.¹⁴

In 2003, the U.S. Department of Labor awarded the South Carolina Chamber of Commerce a Workforce Innovation Networks (WINs) grant, which it used to convene the public and private sector on the steps needed to improve workforce quality. The group catalogued federal and state workforce-related programs, identifying approximately \$400 million in workforce and economic development resources. The group also recommended that the Department of Commerce serve as the coordinating entity for all of the state's workforce-related efforts. The Governor of South Carolina, in 2005, by Executive Order, transferred administration of the federal Workforce Investment Act from the Employment Security Commission (ESC) to The South Carolina Department of Commerce. The Department of Commerce also hired a Director of Workforce Development to oversee the activities.¹⁵ Similarly, West Virginia through executive order consolidated Trade Adjustment Assistance (TAA) and ESC activities into one agency.

Creating an office responsible for coordinating workforce activities

In Georgia, the governor created the Governor's Office of Workforce Development (GOWD), charged with the task of creating a system that "links workforce development and education together and aligns it to the economic needs of the state, its regions and local communities...GOWD is considered to be the "glue that brings all the agencies together"¹⁶. GOWD plays an important role in strengthening regions and meeting the needs of key industries within those regions.¹⁷

Elements of alignment which could support a state sector initiative also exist in Alabama. The governor created an Office of Workforce Development in 2004, with the goal of strengthening the state’s “system of workforce and economic development to build a highly skilled and globally competitive workforce.”¹⁸ Housed in the Alabama Department of Economic and Community Affairs, the Office of Workforce Development reports directly to the Governor and manages the state’s Workforce Planning Council—a multi-organizational, public-private task force created to develop, coordinate and implement a comprehensive workforce development plan.

Creating Funding Strategies

In the South, grants often seed collaboration and enable the development of regional sector initiatives. States encourage regions to develop sector initiatives by creating a competitive grant process. Grant funds are distributed via competitive Request for Proposals that encourage the formation of regional partnerships between industry, workforce, economic development, education, social service providers, labor etc. These partnerships are tasked with identifying the key workforce challenges within a specific regional industry, developing regional solutions to target these needs, and mobilizing federal, state and regional resources to implement these solutions. Southern grant initiatives include Georgia Work Ready Regions, WIRED for Oklahoma, North Carolina Allied Health Regional Sector Partnerships, Louisiana Workforce Training Program and the Arkansas Career Pathways Initiative.

To fund these initiatives, each of these states mobilized existing resources or tapped into federal pass through funding including WIA discretionary dollars, US Department of Housing and Urban Development Community Development Block Grants, or US Department of Health and Human Services Temporary Aid for Needy Families funds. In certain instances the states merged several of these funding sources to create a focused sector initiative grant fund, and in other instances utilized a single funding stream to create a sector initiative grant fund. The grants usually require the regional sector partnerships to mobilize local resources to match the state contributions and sustain the initiative beyond the initial grant period.

Sector initiative grants fund planning and/or implementation activities. For example, WIRED for Oklahoma funds regional planning activities, which may include convening partners; analyzing industry, worker, and service provider needs; and developing curriculum and designing regional initiatives. The Georgia Work Ready Regions RFP defines implementation as a wide range of activities including training, screening and assessment, community outreach, academic counseling, supportive services (e.g., child care and transportation), provision of facilities and equipment, job placement, job retention, business services, and provision of books and supplies. Some states provide only planning funds and require the regional partnership to secure implementation funds. Other states provide both planning and implementation funds. **Table 1** outlines key characteristics of Southern states’ sector grant funds.

Table 1: Key Grant Fund Characteristics by State

	Georgia	North Carolina	Louisiana	Arkansas	Oklahoma
Name of Initiative	Work Ready	Allied Health Regional Skills Partnerships	Recovery Workforce Training Program	Career Pathways Initiative	WIRED for Oklahoma
Fund Total	\$2 million to \$5 million	\$800,000	\$38 million for three years	Current: \$12 million per year (2006-7); \$8 million in 2005	\$850,000
Grant Max	- Regional Grants \$500,000 - Accelerated CWRC* Grants \$35,000	\$55,000	No maximum; (largest award - \$6 million)	No maximum; \$12 million allocated to 22 community colleges based on # enrollees served	\$600,000
Source	WIA	WIA	CDBG Katrina/Rita Relief	TANF Funds	WIA, Adult Basic Education, Post-secondary Education
Grant Period	18 months	15 months	Maximum of 36 months	12 months	One time funding
Industry	Accelerated CWRC* and WR* Regions selected through competitive process	Allied Health	Regions select within state created criteria	Regions select within state created criteria	Regions select within state created criteria
Activities Funded	Planning & Implementation	Planning	Planning & Implementation	Planning & Implementation	Planning
Suggested Partners	Industry, Local WIB and Career Centers, Technical Colleges, Local Education Community, Economic Development, Labor, Local Chambers, Community Based Organizations (CBOs), Local Government, among others	Industry, WIB, Technical Education, Economic Development, Chambers, CBOs, Council of Governments, Universities, Labor, Private Training Providers, Area Health & Education Centers	Employers, Business/Industry Associations, Education Agencies, Public/Private Post Secondary Education, WIB, Labor, CBOs	Community Colleges, Business, CBOs, Local Workforce Investment Boards, Economic Development, Adult Education	Council of Governments, Community Action Programs, Economic Development, Chambers, Communities, Education Institutions, Workforce Investment Boards

* CWRC =Certified Work Ready Communities and WR = Work Ready

Building Sector Intelligence

States with sector initiatives often provide information tools to assist regional sector partnerships in designing and implementing sector programs. These sector intelligence tools include industry analysis and employer surveys, the identification of regional labor markets and commuter sheds, and profiles of the skills needed for a range of occupations.

Industry analysis

Labor market analysis, industry analysis and employer surveys assist regional sector partnerships in identifying priority industries and designing workforce solutions. In Oklahoma, the Governor's Council on Workforce Development conducted an employer satisfaction and needs survey involving 3700 businesses. Published in 2006, the results of the Oklahoma Workforce Employer Survey highlighted business human capital needs across the state in three areas—education, hard and soft skills by industry, and how businesses responded to skill shortages. The Department of Commerce used the data to organize and facilitate focus groups across the state and built a sense of urgency around workforce issues.¹⁹

In addition to the initial 2006 Employer Survey, the Oklahoma Department of Commerce also conducted two statewide cluster studies in the Allied and Health Services, and Aerospace industries. Both reports included skills-gap analyses, outlining the need for more skilled workers. The aeronautics report recommendations focused mostly on developing marketing initiatives to promote aerospace as a viable career option as well as promoting Oklahoma as an attractive place for aerospace companies to locate.²⁰

The healthcare report, in addition to a gap analysis (demand versus supply of workers), highlighted the limited capacity of the state's education system. According to researchers, "The Oklahoma State Regents for Higher Education reports that in 2004 there were more than 11,619 applicants to 113 postsecondary education programs in nursing and allied health. While 79 percent (9,193) of those applicants were deemed qualified, only 57 percent were actually admitted because of limitations in the education system's capacity." To increase education capacity and worker supply, researchers recommended creating a career pathway approach to the healthcare industry.²¹

North Carolina and Georgia also undertook key industry studies. The employer-led North Carolina Council for Allied Health developed a study which identified workforce challenges in the health care industry. The North Carolina Department of Commerce used this report to identify employer solutions and launch an initiative to create regional training partnerships in allied health. In Georgia, the gubernatorially created Commission for a New Georgia (CNG) organized task forces that developed recommendations for both workforce and economic development in the state, which included assessing strategic and growth industries. The Governor's Office of Workforce Development (GOWD) and the Georgia State

Workforce Investment Board used their recommendations to form Work Ready Regions, offering insight on workforce needs and potential solutions. Georgia’s Work Ready initiative consists of four elements: Work Ready Certificates, Work Ready job profiles, Certified Work Ready Communities and Work Ready Regions.

In Kentucky, the Community and Technical College System played a critical role in gathering data that could potentially support a sector initiative. The Kentucky Community and Technical College System (KCTCS) convened more than 300 CEOs, community college representatives and other economic development stakeholders in 16 forums on workforce development across the state. As a result (KCTCS) produced *In the Eye of the Storm*, a report highlighting several statewide workforce development challenges including healthcare—the need for healthcare workers and the high cost of providing employer-sponsored health insurance.²²

Regional boundaries

Sector programs operate at a regional level, targeting an industry within a regional labor market. This requires collaboration across the jurisdictional boundaries of workforce investment areas, community college districts, economic development regions, municipal jurisdictions, and county jurisdictions among others. States provide guidance to regions by identifying the geographic scope that regional sector programs can work within. For example the Georgia GOWD’s Work Ready Regions initiative encourages regions to utilize the state’s identified strategic and growth industries as the basis for organizing their regional sector activities. The regional boundaries are fluid and the shapes of these regions can change as the industry and its regional cluster grows.²³

The North Carolina Department of Commerce, in its Allied Health Regional Skills Partnership grant initiative defined the characteristics of an appropriate region as contiguous geographic areas that are partly or completely in a single labor market or economic development area. A labor market is defined as an economically integrated geographic area within which citizens may reside and find employment within a reasonable commuting distance.”²⁴ However, the North Carolina Department of Commerce gives the regional partnerships the flexibility to determine their own regional boundaries and also provides labor market data and commuter analysis to inform decision-making.

To lay the foundation for the WIRED for Oklahoma grant initiative, the state issued a funding opportunity for “Business Service Teams” through the regional Workforce Investment Boards, which by mandate must include economic development partners. The 11 Regional Business Service Teams act as single points of contact for employers. Team members provide market intelligence, consult on human resources issues, and link other state resources available for business development. Business Service Teams routinely survey industry and use these responses to help officials allocate resources to at-risk and high growth

companies, as well as to identify future workforce needs, and immediately address specific company needs and conflicts.

Skills certifications and job profiles

The Director of the Arkansas Department of Workforce Services said that, “There is a growing concern among employers that they can’t hire and retain workers with basic, core employability skills.”²⁵ Skill certifications and/or job profiles help local labor markets to work more effectively. They make it easier for employers to hire workers that have the skills they value, and provide jobseekers clear guidance on the skills they need to obtain work and develop their own career paths. Certifications also provide workers with portable credentials that increase market mobility. In Georgia, the governor created the Certified Work Ready Communities initiative that provides incentives to regions to create and use Work Ready Certificates that document skills in applied mathematics, reading, personal skills, and work ethics. Additionally, the initiative provides resources to regions to create job profiles documenting the skill needs of specific occupations in key industries. Regional partnerships use both the Work Ready Certificates and Work Ready job profiles by incorporating both into the activities of the Work Ready Regions sector partnerships, thereby documenting the skills of workers and skill needs of specific occupations.

Building Capacity

Launching state sector strategies has represented a shift in practice at the state and regional level. To assist in this shift, several states have provided technical assistance to state policy makers and administrators in addition to staff who participate in regional sector partnerships.

Technical assistance to regional stakeholders

Oklahoma provides a variety of technical assistance to regional sector partnerships. The Department of Commerce, in partnership with the Employment Service and the Regents for Higher Education, provides a professional development series for regional sector initiatives that includes such topics as regional economic analysis and linking workforce development to economic development. Oklahoma launched an Economic Development 101 and 103 series, bringing together regional teams to learn how they can use information tools.

In North Carolina, grantees of the Allied Health Skills Partnerships initiative participate in a learning network to engage, share challenges and learn from each others’ successes. Additionally, the North Carolina Department of Commerce provides individual technical assistance to grantees of the initiative to troubleshoot any challenges that arise.

The Hawthorn Foundation provided the Missouri Department of Economic Development (DED) with the resources to develop infrastructure that could be utilized in a sector initiative. The foundation awarded

DED the funds to hire eight industry specialists. The specialists serve as liaisons between state-identified industries and the department on workforce issues.

Technical assistance to state stakeholders

Oklahoma, Georgia, North Carolina and Arkansas have each been participants in the Accelerating the Adoption of State Sector Strategies Project, which is co-sponsored by the National Governors Association, National Network of Sector Partners and the Corporation for a Skilled Workforce. This project provides a learning network and academy for gubernatorially appointed teams that are tasked with implementing a sector strategy in their states. Through the learning network and policy academy these states were able to deepen their understanding of sector strategies, examine aspects of state policy that can be utilized to strengthen each state's workforce and economic development system, and learn from their peers. As a result of their participation in the project these states have launched new sector initiatives in their areas and deepened existing initiatives.

Capacity building and technical assistance are critical to establishing a state sector framework and some states have sought technical assistance outside of the State Sector Strategies Project to design and implement a state sector framework. This additional technical assistance often includes facilitating workshops and giving presentations on a variety of sector-related topics, and providing technical assistance on specific issues, such as creating a Request for Proposals or developing sector intelligence.

Conclusion and Next Steps

In a recent convening (and post-convening interviews), co-sponsored by the Southern Growth Policies Board and the National Network of Sector Partners, state administrators and policy makers highlighted the opportunities they saw in their states for utilizing a sector based approach. Interviewees and the convening participants shared the view that Southern states can use sector strategies to strengthen their competitive advantage in the global economy by transforming their public infrastructure and creating a nimble, responsive and strategic workforce and economic development system.

The convening and interviews made a compelling case regarding the need and potential for sector strategies to play a role in strengthening Southern industry, workforce and economy. State administrators and policy makers also identified some next steps that can build momentum and capacity within the South to develop and implement sector strategies. Interviewees and convening participants identified action items that state officials, public and private philanthropy, and organizations endorsing the sectoral approach can take to expand sector initiatives in the South. These include:

- 1) **Provide technical assistance for state policy makers and administrators:** Offer learning opportunities to enhance decision makers' understanding of both the benefits and the mechanics

of implementing a state sector strategy. Make available services such as mini-academies and peer learning forums across states. Publish best practice guides and 'How to' manuals for state administrators and policy makers. Furthermore, provide direct technical assistance and consulting to states that are ready to launch a sector strategy.

2) *Develop the interest of philanthropic and other investors to assist in sector initiatives:*

Engage existing philanthropic organizations as partners in identifying and funding potential states and sites where sector strategies can be implemented. Educate potential funders on sector strategies and opportunities to finance them. Create funding collaboratives—long-term partnerships between philanthropy and the public sector—that will seed and sustain sector initiatives.

3) *Engage political leadership to make sector workforce and economic development a*

priority: Educate elected officials on the results produced by sector initiatives and the potential to strengthen workforce and economic development infrastructures to target and support key industries. Develop communications strategies that convey the value and effectiveness of sector strategies.

Several states throughout the South, such as Georgia, North Carolina, Arkansas, Louisiana and Oklahoma have taken significant steps to implement sector strategies. Even more states have laid administrative and programmatic foundations that could be built upon if they decide to develop sector strategies. State officials, industry, and others endorsing the sectoral approach such as philanthropy, NNSP, Southern Growth, and the Corporation for a Skilled Workforce can expand sector initiatives in the South by providing technical assistance to state and local stakeholders to engage a wider cross section of the philanthropic community, and increasing awareness among public officials.

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