ETA Sector Strategies Technical Assistance Initiative:
SUSTAINING STATE SECTOR STRATEGIES
About This Brief

This resource is part of a series of integrated briefs to help workforce practitioners build a range of skills needed to launch and advance sector strategy approaches. The briefs are designed to be succinct and connect readers to existing resources, best practices, and tools. For more information, visit http://bit.ly/22Cxle7.

About Sector Strategies

Sector strategies are regional, industry-focused approaches to building skilled workforces and are among the most effective ways to align public and private resources to address the talent needs of employers. While the approach is not new, there is a growing body of evidence showing that sector strategies can simultaneously improve employment opportunities for job seekers and the competitiveness of industries. As such, a number of national initiatives and federal laws (including the Workforce Innovation and Opportunity Act) are driving workforce organizations, in particular, to embrace these approaches, to meet both the needs of workers and the needs of the economy.

At the heart of sector strategies are sector partnerships (sometimes referred to as industry partnerships, workforce collaboratives or regional skills alliances, among others). These partnerships are led by businesses—within a critical industry cluster—working collaboratively with workforce areas, education and training, economic development, labor, and community organizations to identify and solve pressing human resource and other challenges. Sector partnerships are the vehicle through which businesses voice their talent needs and regional partners collaborate to develop customized solutions to meet those business needs.
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Sector strategies are regional, industry-focused approaches to building a skilled workforce and are one of the most effective ways to align public and private resources to address the talent needs of employers and help low and middle-skill workers enhance their skills and advance in the labor market. Many regions and a majority of states are now investing in sector strategies as stand-alone initiatives or as components of other activities. Sustaining these strategies hinges on a number of factors, including securing funding to support them after their initial launch and a range of critical, non-financial elements.

State sector strategies are state-driven initiatives to support regional sector partnerships through training and capacity building, administrative and legislative policy, industry data analysis and tools, and other support. This brief focuses on how two states, Massachusetts and Colorado, are sustaining their sector strategies, and key steps that other states can take to help ensure sustainability. All of the key factors for sustainability noted here fall under a comprehensive framework for state talent development, described in a separate brief “State Support for Sector Partnerships: A Guide for Action”. The case studies here provide detailed examples of a number of the core capabilities that are outlined broadly in that brief.

This brief will help state workforce agencies (SWAs) and their partners enhance their skills in these critical areas:

- Employer Engagement: Identifies promising practices and key steps for developing deep, lasting partnerships with employers that are based on addressing the needs of industry.

- Sector Partnership Sustainability: Identifies key steps and promising practices in critical elements of sustaining sector strategies, including both leveraging resources and other non-monetary factors.
**SUMMARY OF SECTOR STRATEGIES AND SUSTAINABILITY**

State sector strategies include both state-level costs as well as the costs of regional sector partnerships. Sustaining state sector strategies hinge on both securing ongoing resources to support this work as well as a host of equally important non-financial factors. SWAs, state workforce development boards (WDBs) and their partners can access a wide variety of resources to sustain their sector work. The following are major categories of funds that these organizations have used to support state sector strategies, with more detail in the case studies below:

- WIOA state set-aside funds,
- State general revenue,
- Federal discretionary grants from agencies like the U.S. Department of Labor (DOL) (such as DOL’s National Emergency Grants State Sector Partnership grants), and
- Foundation funds.

Securing ongoing resources is certainly one essential component of maintaining sector strategies. However, organizations that focus primarily on securing additional resources to sustain their sector work will face significant challenges to maintaining these activities. Successfully sustaining state sector strategies also depends on a variety of other non-financial factors, such as cultivating strong champions from a diverse range of organizations, developing a common message and effectively sharing successes, and providing robust technical assistance to regional sector partnerships. These other, non-monetary factors are critical for positioning SWAs and other entities leading state sector strategies to secure the resources needed to sustain them. This brief highlights both the funding and the non-monetary factors that are essential for sustaining state sector strategies. Ultimately, sector strategies are not a separate program, but are an approach for engaging employers and other partners through lasting partnerships that identify industry-driven workforce solutions. The factors outlined in this brief will help SWAs, state WDBs and their partners identify the key steps and support the organizational culture change that are essential for maintaining these collaborations.

[Box for intro and three bullets below] The following are examples of key activities that often take place during the development and implementation of a state sector strategy. These activities have costs that need to be supported by the state and its partners:

- **Planning.** There are a host of key planning activities which are essential to the long-term success of a state sector strategy. For example, cross-agency involvement in planning is critical for aligning policies to support sector strategies, leveraging resources across multiple agencies, and ensuring early support for these strategies. Activities that need to be planned for and which must be staffed and funded can include:
  - Developing a cross-agency advisory committee comprised of key state agencies (such as education, workforce development, and economic development) that oversee policies and activities related to sector strategies
  - Completing a map of key assets that the state can access to support sector strategies
  - Compiling labor market information (LMI) analysis identifying key trends in target sectors
Developing a Request for Proposals for planning or implementation grants to support regional sector partnerships, and awarding those grants

Completing a technical assistance plan to help address the needs of regional sector partnerships

Outreach to businesses and other key industry partners and other stakeholders (such as state and local elected officials) to seek their support for sector strategies

Developing common messaging and marketing materials

Implementation. After initial planning is complete, states can participate in a range of activities to actively support regional sector partnerships. These activities can include providing direct support to regional sector partnerships, such as through technical assistance on topics like employment engagement and launching partnerships. These activities can also include working with state agencies and other partners to develop common statewide messaging and provide other types of state-wide assistance. Activities that take place during the implementation of a state sector strategy can include:

- Monitoring and assessing the progress of regional sector partnerships, which can include establishing common statewide metrics
- Providing regional sector partnerships with programmatic technical assistance
- Providing partnerships with LMI support, including both data and tools
- Supporting policy alignment and development, including working with state agencies to align their policies to support sector strategies
- Outreach to the public and partners regarding the benefits and impacts of sector partnerships

Financial sustainability. Activities that take place to support the financial sustainability of a state sector strategy can include:

- Identifying resources (state, federal, philanthropic, industry contributions) that can support a state sector strategy
- Working with state partners to align funding streams to support regional sector partnerships
- Writing proposals and other business development activities [end box]
STATE WDBs, SWAs and other state organizations can take the following steps to support the long-term sustainability of state sector strategies:

**Funding**

- **Leverage and institutionalize resources to support state sector strategies, which can include the following steps:**
  - Determine the goals of the state sector strategy
  - Assess the costs of sustaining the state sector strategy, from supporting state-level staffing to providing planning and implementation grants to regional sector partnerships
  - Map resources at the state and national level that can support a state sector strategy, and assist regional sector partnerships in identifying resources that can support their work
  - Develop a strategy and leverage a range of resources. This includes leveraging support from a diverse array of sources, such as state WIOA funds, federal discretionary funds, and other state funding sources.

**Non-Financial Factors**

- **Industry leadership:** Ensure that the state's sector strategy is industry-driven, with business leading and driving regional sector partnerships. States can require regional sector partnerships to identify the specific industry champions that will lead their efforts, and help regional sector partnerships maintain strong industry leadership by offering targeted technical assistance on topics like identifying and maintaining strong industry champions and serving as effective intermediaries.

- **Cultivate champions:** Identify and help develop representatives from a diverse range of organizations who will champion the state's sector strategy. These individuals should be respected by their peers, and be willing to advocate for the state's strategy. Securing champions from a variety of core stakeholder groups, including the state legislature, state agencies, and businesses, will benefit the strategies' long-term sustainability and help sustain momentum.

- **Dedicate skilled staff:** Assign staff with the core competencies needed to effectively staff a state sector strategy, which includes providing strong support and technical assistance to regional sector partnerships. It is helpful if states employ a sector team that, collectively, has the interpersonal skills to engage other state stakeholders, has experience implementing regional sector partnerships and can provide effective technical assistance to them, and can analyze and communicate the key implications of federal and state solicitations, rules and regulations to regional partnerships.

- **Manage performance with transparency:** Set aggressive yet realistic goals for regional partnerships, including strong employment and training goals, and implement effective data collection systems for assessing regional partnership and overall state performance on these goals. Provide robust technical assistance to regional partnerships to help them achieve their goals, and hold them accountable for these goals.

- **Communicate successes:** Develop a common message for sector strategies, in collaboration with partners, and then work with them to ensure all are using this common message. Share the successes of the state
sector strategy broadly with key stakeholders (industry, civic, political, and education leaders). Show how the strategy is valuable for businesses, in addition to helping workers enhance their skills and advance in the labor market.

- Foster continuous learning: Facilitate communication among regional partnerships to promote the exchange of resources and promising practices. Recognize and document the work of high performing partnerships to promote learning and encourage quality.

Each of these steps is critical for ensuring the long-term sustainability of sector strategies. For example, cultivating champions will help ensure that key organizations and networks around the state are aware of the outcomes and benefits of the sector strategy, generate positive publicity for them, and ensure potential funders are aware of the partnership’s positive outcomes, which are helpful for helping partners stay engaged in the strategy, broadening support and involvement in the strategy and securing additional resources. These steps are described in more detail in the following the case studies.

**Case Study: Massachusetts State Sector Strategy**

Massachusetts has been piloting sector strategies since the late 1990s, and began implementing a formal, statewide sector strategy in 2003. In 2006, the state passed legislation that established the Workforce Competitiveness Trust Fund (WCTF) to support the development of regional sector partnerships. This legislation established that the Commonwealth Corporation, a quasi-public organization, should administer the fund for the state’s Executive Office of Labor and Workforce Development. The Commonwealth Corporation plays a multi-faceted role in supporting the state’s sector strategy, from developing Requests for Proposals and administering grants to regional partnerships to providing these partnerships with technical assistance and facilitating peer learning. For example, the Commonwealth Corporation hosts in-person meetings where partnerships working on similar issues (such as collaborating with community colleges) or with the same industries (such as manufacturing and the construction trades) gather in small groups to work through common challenges and solutions together.

The state’s sector strategy has demonstrated strong impacts. For example:

- Through the WCTF, the state awarded $4.5 million in grants to 15 sector partnerships in FY14. By the end of FY16, the partnerships had enrolled over 900 participants in services, with 798 completing training and 632 placed in jobs with an average wage of $14.76 an hour.
- It has created a long term care and home care career ladder program that served more than 9,000 participants in more than 170 companies.

The state has used a wide range of sources to fund its sector strategy. For example,

- State general funds support the WCTF, which has been funded in 2006, 2012, 2016, and 2017. The WCTF is not currently a recurring line item in the state budget, which would help support its long-term sustainability.
- In addition to the WCTF, other state funds have supported the state’s sector strategy, such as the state’s
The state has also used federal funds to support its state sector strategy, such as an American Recovery and Reinvestment Act (ARRA) discretionary grant from DOL to support clean energy sector job training and ARRA formula grant funds that were awarded to Massachusetts and that the state elected to invest in sector training programs.

At the regional level, sector partnerships have accessed a wide range of funds, such as WIOA formula funds to support staff costs, employer contributions, and National Emergency Grant and Rapid Response funds.

A number of factors have been critical to sustaining the state's sector strategy since it formally launched in 2003. First, a coalition of organizations including business, labor, workforce organizations, community-based organizations and advocacy organizations have prioritized funding for sector partnerships in legislative outreach efforts. The coalition has been supported with funding from SkillWorks, a consortium of philanthropic organizations in Greater Boston. In addition, both Governors and state secretaries of labor have been strong champions of the state's sector strategy. There have consistently been one or two state legislators who have championed the state's sector work. Private sector representatives have also championed sector strategies based on their need to address their own workforce challenges. For example, in 2000 the long term care industry experienced significant challenges retaining workers, which led business representatives to advocate for the Extended Care Career Ladder initiative, a sector initiative designed to create skill-building opportunities for direct care workers, improve the quality of care they were able to provide and compensate them for their higher level of skill.

Aggressive employment outcomes have helped build support for the state's sector strategy, and are now a core component of sector Requests for Proposals released by the Commonwealth Corporation. In addition, the Commonwealth Corporation monitors the performance of its grants to regional partnerships very closely, reviewing grantees progress on their goals on a quarterly basis. The Commonwealth Corporation holds the partnerships accountable for their outcomes, taking steps like working with grantees to reduce or realign their budgets if they cannot achieve their outcome goals. Technical assistance is a critical component of the Commonwealth Corporation's support for its grantees, as it offers in-person peer learning and other targeted technical assistance on specific programmatic topics. The state also invested in a proprietary participant-level data collection system many years ago, which enables the Commonwealth Corporation to collect and report on the outcomes of regional partnerships.

The flexibility of the state's operating structure for sector strategies has also been critical for sustaining the state's strategy. Since the Commonwealth Corporation is quasi-governmental entity, it can be flexible and move quickly in responding to industry needs and funding opportunities, and has adjusted its approach to sector strategies as leadership learns from each round of investments.

The major challenge identified by the Commonwealth Corporation for sustaining its sector work has been intermittent funding, as resources for sector strategies have not been consistently included in the state's annual budget. Since funding has been intermittent, it has been challenging for the state to scale its sector work. Inconsistent funding has also made it challenging for the state to test innovative approaches. Turnover among staff at the regional level is also a sustainability challenge, as regional sector partnerships struggle to retain staff with expertise in implementing these collaborations.
The Commonwealth Corporation has developed an array of tools which can support state sector strategies, such as “Effective Practices in Sectoral Employment Programs” and “Partnerships: A Workforce Development Practitioner’s Guide”. These and other resources can be found at: www.commcorp.org.

Massachusetts has identified a number of critical lessons learned for sustaining a state sector strategy through its many years spearheading this work:

- It is critical to clearly identify objectives for regional partnerships. For example, if a specific sector initiative launched by the state is intended to serve unemployed workers, then the state should state that explicitly and identify relevant performance measures; regional partnerships will then build programs that are designed to meet those objectives.

- Start with regional pilots, before launching a complete statewide approach to sector partnerships. This will allow the state to work through challenges in its approach to implementing sector strategies.

- Focus on accountability and data collection as part of the state sector strategy. States should identify credible measures of success for their sector partnerships, such as job placements, then collect data that indicates their performance and the performance of regional partnerships on these measures.

- Hire staff with credibility in the field in implementing regional sector partnerships. For example, the Commonwealth Corporation has hired a number of staff, from its Executive Director to staff who work directly with sector partnerships, with direct experience with these collaborations at the local level.

- Staff should have the ability to effectively interpret Federal and state legislation, regulations, and solicitations, and then use layman’s terms to translate this information for the field, particularly when grantees are not public entities. Regional sector partnerships find real value in this competency.
CASE STUDY: COLORADO STATE SECTOR STRATEGY

Colorado is implementing a statewide sector strategy, with 21 active or emerging regional partnerships. Their strategy is administered by the Colorado Workforce Development Council (CWDC), the state’s WDB, which has a Sector Strategy Steering Committee to ensure alignment with CWDC’s broader mission. The state’s sector strategy is supported by staff from the CWDC, though two staff members are shared with other agencies.

Colorado has a long history with sector partnerships. The first regional sector partnership in the state began in 2005. In 2007, the state agreed to participate in a policy academy on sector strategies hosted by the National Governor’s Association. Since then, the state formalized its sector strategy and expanded it. The state plays a variety of roles in supporting its regional sector partnerships, from assisting them with extensive technical assistance and support for peer learning through in-person convenings and other means, to more recently offering funding. The state’s sector strategy is not limited to a single industry, as regional partnerships across the state are focused on a variety of industries. Regional partnerships are led by a range of organizations, from WDBs to economic development organizations.

Colorado’s sector partnerships have demonstrated strong impacts. Over the past year (July 2015-July 2016), Colorado sector partnerships reported a range of outcomes, including:

- 81% Increased participation by businesses in target industry and region
- 81% Shared data across community support partners/organizations
- 76% Increased participation in their partnership from community support partners in education (including k-12 and postsecondary), training, and workforce development
- 71% Increased student and/or jobseeker awareness of education and training programs
- 67% Enhanced existing or developed new training and/or education program(s)
- 62% Increased program alignment across secondary, postsecondary, and/or workforce programming

The state has used a variety of funding sources to support its state sector strategy. For example:

- The State has used WIOA state set-aside funds and Trade Adjustment Assistance funds to support the state sector strategy.

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1 Key Performance Indicator survey completed in August, 2016. Based on responses from 21 active or emerging sector partnerships.
Regional partnerships use a wide variety of resources to support their work, including employer contributions, WIOA formula funds, local city and county grants, community based organization grants, and Federal discretionary grants like the Trade Adjustment Assistance Community College and Career Training grant program. The state has encouraged regional partnerships to access a range of funding sources, rather than depend exclusively on state funds for sector partnerships.

A number of factors have played a key role in sustaining the state’s sector strategy. First, the state has been able to effectively depict the success of its sector partnerships, “telling the story of their sector work.” For example, the state developed a set of Key Performance Indicators in order to tell the statewide story and gage business feedback on the impact of its sector strategies, and regional partnerships administer a survey and collect feedback from their employer partners on these indicators.

Support from a wide variety of stakeholders throughout the state has also been critical for sustaining the state’s sector work. Though CWDC oversees the sector strategy, it is supported by other state agencies and partners such as the Department of Education, the Colorado Community College System, the Colorado Office of Economic Development and International Trade, as well as employers. Employers have played a critical role in helping build support for the state’s sector strategy. These business champions have helped “build the buzz” about sector work, and a key element to gaining their support was demonstrating quick wins.

Providing tools and training to regional partnerships has also been important to sustaining the state’s sector strategy. The state has offered regional partnerships a comprehensive array of training and technical assistance, from hosting two sector summits to offering targeted training to regions.

Another key to sustainability is providing a common framework and messaging across partners. For example, in 2013 CWDC developed and released common statewide messaging regarding sector partnerships.

One challenge for sustaining sector strategies is maintaining support for them across state administrations, as states must continue to garner support for them when leadership changes. Demonstrating the value of these partnerships to industry by ensuring the partnerships are industry-driven is a key element of maintaining support for these collaborations when there are changes in the state’s executive branch.

Like the Commonwealth Corporation, CWDC and its partners have developed an array of tools which can support state sector strategies, such as the “Colorado Regional Sector Partnership Convener Training Workbook.” This and other resources can be found at www.SectorsSummit.com.
Colorado identified a number of critical lessons learned for sustaining a state sector strategy:

- States should not develop or message its sector strategy as a grant program, but instead focus on helping regions integrate sector partnerships into their ongoing work.

- Bringing partners together helps sustain a state’s sector strategy, as Colorado helped teams in regions throughout the state convene with their partners.

- Provide ongoing support to regional partnerships. Colorado has offered a comprehensive and evolving array of training and technical assistance to regional partnerships, including facilitating peer learning.
About This Brief

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