



ETA Sector Strategies Technical Assistance Initiative:
STATE SUPPORT FOR SECTOR PARTNERSHIPS:
A GUIDE FOR ACTION



About This Brief

This resource is part of a series of integrated briefs to help workforce policymakers 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 the U.S. Department of Labor Employment and Training Administration’s [Business Engagement page](#).

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. Sector partnerships are the vehicles through which industry members voice their critical human resource needs and where customized regional solutions for workers and businesses are formed.



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EXECUTIVE SUMMARY

As states and governors continue to build the competitiveness of businesses and their state's talent pool, sector partnerships have become one of the most effective models for meeting the needs of employers and workers. Regional and local sector partnerships involve an alliance of employers within one industry sector or cluster that work closely with government, education and training, economic development, labor, and community organizations to solve pressing skill needs and ensure long-term career opportunities exist for workers.

While there has been much written on how sector partnerships should be designed and carried out at a local level (e.g. describing how to convene employers and the roles that different public organizations play), there has been less focus on the role that states play in supporting these regional sector partnership efforts. Evidence is emerging that when states set the right conditions—through public policy, local capacity building, and other areas—sector partnerships thrive. Perhaps most importantly, when states are actively involved in helping to build sector partnerships, greater systemic change can occur. Sector partnerships are not a program nor a singular training initiative (to train workers for one-time placement in the construction industry, for example). Rather, sector partnership approaches—or sector strategies—should serve as the foundation for how regions, and workforce systems in particular, conduct business.

The timing couldn't be better for states to act: the Workforce Innovation and Opportunity Act (WIOA) presents opportunities for states to engage in strategic thinking around sectors, as well as opportunities to provide funding (e.g. through the governor's set-aside) to support sector partnership approaches.

While no two states' approaches for supporting sector partnerships will look the same, there exist a set of core "capabilities" that states need to play a meaningful role in their success and long-term sustainability. Looking across states that have had success in building and sustaining sector partnerships, six core capabilities (Fig. 1) emerge. These six capabilities represent core areas of focus in which a state workforce board or workforce agency, working in collaboration with other state agencies, should seek proficiency to take sector partnerships to scale across their state. While many states may currently focus on one or two of these elements, lasting success is most likely with a broader sector strategy that addresses all of the topics presented in this framework.



This guide and accompanying self-assessment are designed for states seeking a more active role in supporting regional sector partnerships. It includes clear actions for state policy makers, state agencies, and other state organizations, including workforce boards. The guide is not a comprehensive review of state sectors work. Rather, it illustrates clear examples of those actions—and capabilities—in practice across a variety of individual state contexts. As states continue to look to sector partnerships as a key vehicle through which they address skill gaps and create meaningful career pathways for workers, this framework should help states better determine how and where they can have a meaningful impact.

Figure 1. Core Capabilities of a High-Performing State Sector Partnership Strategy

1. Shared Vision and Goals
2. Industry Data Analysis and Tools
3. Training and Capacity Building
4. Awareness and Industry Outreach
5. Administrative and Legislative Policy
6. Performance Measurement

INTRODUCTION

SECTOR PARTNERSHIPS HELP TO SOLVE THE SKILLS GAP

As state economies continue to grow, the greatest challenge facing many American businesses is finding skilled labor. While economists debate the degree of the mismatch between the skills required by the economy and the skills currently held by individuals in the workforce, governors and state officials have taken this challenge seriously; today, almost every state employs some form of sector-based strategy to support the needs of their local areas. These efforts are known by many names: sector partnerships, industry collaboratives, public-private partnerships, key industry networks, regional skill alliances, talent networks, and many more. At their core, these efforts bring together businesses (by industry)

and connect them with community colleges, universities, economic development, the workforce system and other community partners in an organized effort to better align education and training to the needs of the economy.

State Sector Strategies

While the earliest examples of sector partnerships date back to the 1980s with the Massachusetts' Bay State Skills Corporation, by the end of a four-year National Governors Association Sector Strategy Policy Academy in 2009, a full half of all states were promoting sector strategy development. Today, many states have some level of engagement with sector partnerships, and a number have adopted a more comprehensive statewide strategy to promote local sector partnership development.



These sector partnerships serve as proven, successful vehicles for strategically communicating business needs to the public sector at the industry level. Sector partnership approaches are also core strategies for serving workers; as regional organizations better align their services, they create more relevant training and more meaningful career pathways for students and those looking for long-term opportunities.

Simultaneous to the extensive state actions that are generating more local sector partnerships, the passage and implementation of WIOA offers state leaders an added opportunity to build on this approach. The law requires states to develop consensus on a clear sector strategies vision, including how state workforce boards will invest in local sector partnerships as one of their core functions. In addition, a number of states have indicated their intention to use WIOA's 15% set-aside funds specifically for this purpose (through competitive grants to regions, or through broader technical assistance and professional development).¹

SUPPORTING SECTOR PARTNERSHIPS: A FRAMEWORK FOR STATE TALENT DEVELOPMENT

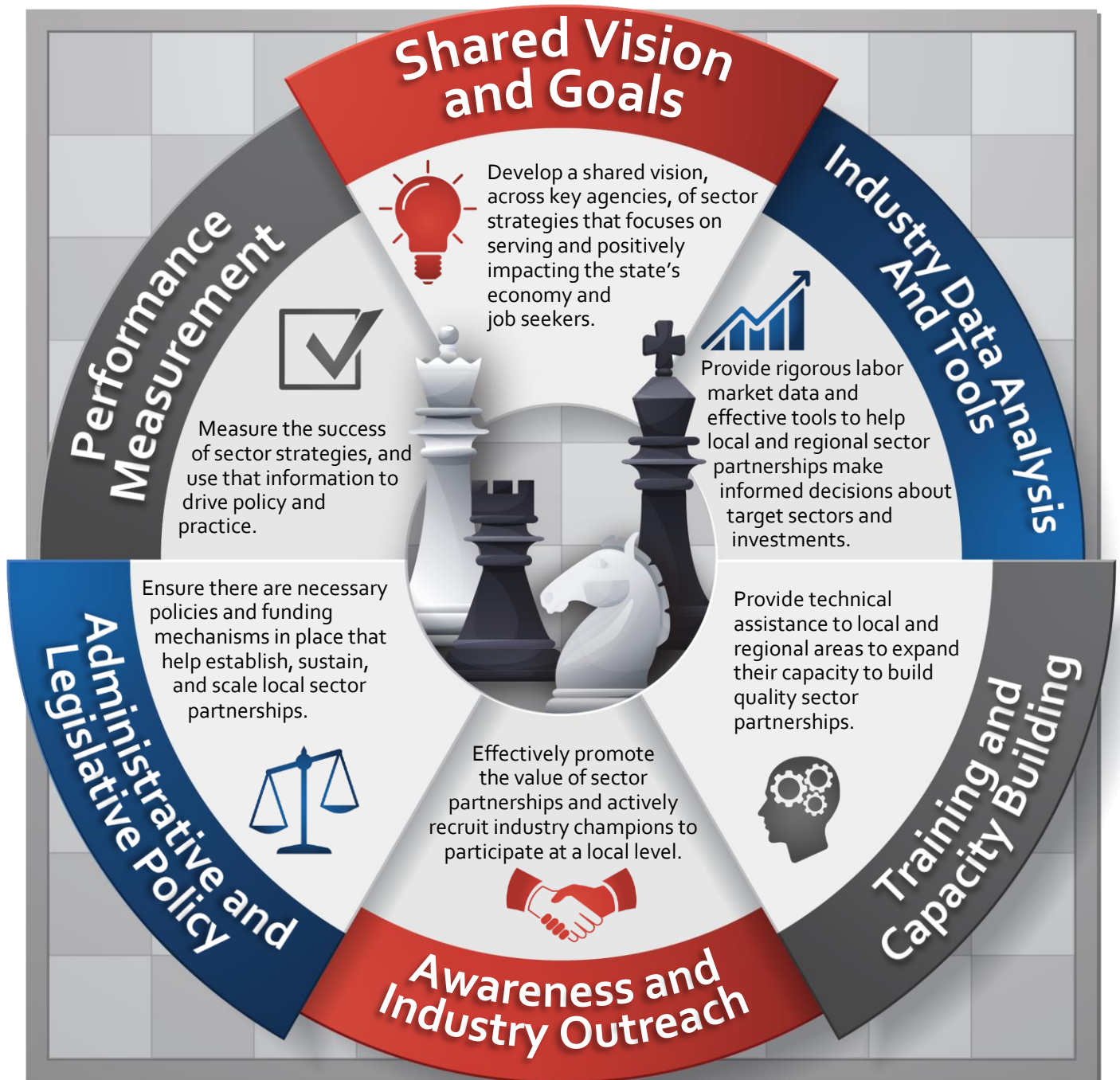
Historically, many states have viewed their role in sector partnerships as limited, often only providing very general policy guidance on how the partnerships should be designed or, in some cases, small planning grants to local areas. In a number of those cases, however, partnerships faded as the state investment ended. States are now recognizing that while sector partnerships are built within local and regional economies, the state has a critical and expansive role to play in helping them achieve success. This role goes far beyond simply promoting quality sector partnerships and now extends to ensuring that the partnerships—and the concepts behind them—continue to flourish and demonstrate success. Discerning state leaders see their role as creating the necessary 'conditions' for regional sector partnerships to launch, thrive, and, most importantly, be sustained over time. Those conditions, when set in the right way, help states move beyond simply starting a short-term statewide sector partnership initiative to a completely new way of doing talent development itself: where sector partnerships become the norm for how education, training, and employers interact across the state to address workforce challenges.

To help states move toward this more comprehensive approach, six capabilities stand out as crucial to success. States that focus on these capabilities will be strongly positioned to take an active and strong role in growing and sustaining sector partnerships. Built from proven best practices, these actions can serve as a framework for how states position themselves as they guide the launch and replication of sector partnerships across their state. While the implementation of these strategies will no doubt differ from state to state, these six capabilities are common elements critical to any effective state effort.

¹ In the summer of 2015, the National Governors Association (NGA) and the National Association of State Workforce Agencies (NASWA) asked its respective members how states would plan to use funds restored to the set-aside by congress



Figure 2. Core Capabilities of a High-Performing State Sector Partnership



SHARED VISION & GOALS



High-performing states have a shared vision, across key agencies, of sector strategies that focuses on serving and positively impacting the state's economy and job seekers

Developing a statewide vision and goals for sector partnerships is an essential step towards ensuring that such partnerships are successful. This vision should be adopted by agencies and organizations that have a direct role in addressing talent development and industry support in the state, including, but not limited to: the governor's office, workforce and economic development, higher education, labor, and the state workforce board. The vision helps commit the system to using sector partnerships as the primary vehicle for identifying and solving business' talent needs. The vision also promotes a defined idea of success and accountability for partnerships without being overly-prescriptive in what customized tactics or programs must be used at the local level. As local organizations (e.g. workforce development boards, economic development organizations, community colleges) align to this state vision, sector partnerships are not only more likely to emerge across the state, but they are more likely to include all of the key partners in a more coordinated fashion.

Both **Washington** and **Louisiana** utilized the state planning process for WIOA to set a vision and goals for sector partnerships. Both states developed shared definitions of sector partnerships. [Washington](#) built a sector partnership framework that describes a six-phase process for building partnerships at the local level to better inform multiple education and training initiatives and interventions. Furthermore, both states' plans establish an expectation that each local workforce area must have at least one sector partnership under development within a specific timeframe. Building on prior work, in 2013 **Colorado** began aggressively employing a set of tools that define sector partnerships clearly as a shared strategy across agencies for industry engagement and talent development. Two key components for this success are 2014 state legislation that codified their vision, and the state's annual [Report on the Talent Pipeline](#), where they provide outcomes and success stories of their sector partnerships. Taken together, these exemplify a strong shared vision and plan for how sector partnerships should continue to be supported. **Illinois** and [New Jersey](#) have each developed definitions of high-quality partnerships that are shared across state agencies. New Jersey's definition includes seven core features of high-quality partnerships, including a clear mission and well-defined roles for all partners; usage of timely industry and workforce data to drive investments; and clear measures of program effectiveness so partners can track outcomes.



INDUSTRY DATA ANALYSIS AND TOOLS



High-performing states provide rigorous labor market data and effective tools to help local and regional sector partnerships make informed decisions about education and training investments

Too often, individual program leaders attempt to make sense of industry data on their own; this data, however, is not always accessible, customizable, or understandable by the local areas that are helping to launch sector partnerships. State labor market information agencies have increasingly sophisticated data and analytical tools at their disposal that they use to pinpoint and predict workforce supply and demand. This information, paired with local on-the-ground knowledge of an industry, should guide and inform decisions about target industries. The states can help local areas in several ways, such as through detailed guidance, useful templates, and trainings. First, states can help locals better comprehend and visualize their regional *demand* picture by, for example, helping them identify those strong and emerging industry sectors and occupations in their areas on which to focus. Second, states can help locals better understand and map *supply* side data allowing regions to better understand the skill sets of their current workforce and how they correspond to existing high-demand occupations. States can help local areas better harness all of this data to create user-friendly and actionable “data packages” or industry diagnostic tools that profile regional industry sectors across relevant points of information. Two examples include the current and historical number of firms or establishments, and current and historical average wages for the area or region. These tools can serve as starting points for regional partners as they convene businesses within sector partnerships to validate data and engage in more face-to-face workforce planning.

California’s Workforce Development Board (CWDB) pioneered this work in 2008, when it developed a process and data tool to train local practitioners in data-driven decision-making, which was later incorporated into the state’s first round of ten Regional Industry Clusters of Opportunity (RICO), their original and still-active state strategy to support strong local sector partnerships. The CWDB has continued to promote use of the tool through a second round of five RICO partnerships, which has led to implementation funding to scale industry-driven workforce and economic development priorities. **Oregon** also developed similar industry analysis tools as a way to ensure emerging sector partnerships were industry-driven, and as a way to immediately create a team-building exercise that lay the foundation for cross-program coordination once industry sectors were identified. This early step significantly reduces the risk of multiple local programs launching their own version of a similar sector partnership. In less than two years, Oregon can point to emerging or active sector partnerships in each of their nine local workforce areas.



TRAINING AND CAPACITY BUILDING



High-performing states provide technical assistance to local and regional areas to expand their capacity to build quality sector partnerships

One of the most important roles for states is providing regions the continuous training and peer-sharing opportunities needed to develop and advance their own high-quality sector partnerships. For a state, this work includes synthesizing and sharing sector partnership best practices and providing dedicated technical assistance to help regions overcome common barriers. This type of capacity building is often executed through regular state summits or academies, calls, webinars, or other peer sharing events. Technical assistance can also create an important feedback loop, as information gathered through these events about challenges in the field allows the state to adjust its assistance to best meet future needs. While nearly every state has pockets of strong sector partnerships, capacity building like this can ensure those pockets expand across the state.

One of the key focuses of state investments in sector partnerships has been peer learning via sector academies or institutes, and some states have created toolkits and related guides.

[Colorado](#) provides intense technical assistance to local areas. Starting in 2013, the state offered a series of trainings to multi-system teams in all 14 of their economic regions. These trainings included modules focused on industry data diagnostics, sector partnership planning and implementation, convener facilitation, and sustainability, with all corresponding curriculum (in the form of toolkits, case studies and videos) posted and updated online. This training is complimented by annual Sector Summits where each regional team shares and learns from each other's sector partnership efforts. The state also hosts monthly peer learning calls. Both **Missouri** and **South Carolina** have prioritized investment in regional technical assistance activities to support workforce development, economic development, education, and other partners in developing and implementing shared strategies for target industry sectors. In those states, capacity-building activities have included sector strategies training and learning events, facilitated in-person and virtual planning sessions, sharing of relevant resources through online toolkits, and other activities.

Driving Systems Change through Sector Strategy Capacity Building

Sector strategy capacity building for regions should extend beyond how to simply form strong sector partnerships. Capacity building efforts should help workforce areas better understand how to realign services (e.g. through American Job Centers) and staffing to support and sustain a long-term sector partnership approach. This includes technical assistance on building coordinated and demand-driven business and job seeker services. Through its sector strategies capacity building efforts, **Kentucky** has built training modules for its regions on forming and implementing regional and unified business services. The modules aim to help regions align partners as they identify and work with targeted industry businesses.



AWARENESS AND INDUSTRY OUTREACH



High-performing states effectively promote the value of sector partnerships and actively recruit industry champions to participate

While regions will do the actual recruitment and engagement of employers and other partners into a sector partnership, states can help significantly by raising the profile and communicating the value of sector partnerships on a statewide scale. This includes developing marketing material, building an online presence, and, more generally, “building the buzz” for why and how sector partnerships are a valuable mechanism for addressing skills gaps. This type of educational and messaging campaign is especially helpful for regions seeking to launch new sector partnerships, as it provides them the backing needed to get a foot in the door with a prospective employer. Governors can play a key role in building awareness by using their convening power and relationships with employers to begin conversations and generate interest.

Several states, including [Colorado](#), [Oregon](#), [Kentucky](#), and [Michigan](#) have developed specific websites and marketing materials targeting industry and public partners to build support for their partnerships. Additionally, many state workforce boards have committees focused on sector partnerships. Those committees play a direct role in catalyzing local sector partnership development, simply by charging their members with championing sector partnerships in their industry and in their local region. **Montana’s** Governor Bullock engaged over 200 CEOs and company presidents in statewide partnerships called *key industry networks* in eleven target industries as part of his [Mainstreet Montana](#) initiative. In addition to championing these networks in their communities, those CEOs have developed more than 200 policy and program recommendations that are being implemented statewide. **Oregon’s** approach involved building a cadre of sector partnership advocates around the state, through a set of sector partnership trainings targeted at specific groups of public partner stakeholders, including: staff from local workforce boards and one-stop centers, career and technical education offices, community and technical colleges, and state economic development offices. As a result, most local areas now make decisions together about which industries to target, and therefore recruit industry members and leaders with consistent messaging and at a greater scale.

ADMINISTRATIVE AND LEGISLATIVE POLICY



High-performing states have the necessary policies and funding mechanisms in place that help establish, sustain, and/or scale local sector partnerships

Launching and sustaining sector partnerships requires states to use the full spectrum of policy levers available to them. Whether through administrative and regulatory policy, or through statute, states can provide concrete structures and resources to launch new partnerships and affirm existing ones. Ultimately, embedding sector approaches in administrative policy or statute is a long-term strategy for sustainability.

State Legislative Policy

At least eighteen states have some state legislation that explicitly names or emphasizes sector partnerships as a way to connect industry needs with education and training programs. **Washington**, in 2008, was one of the earliest states to pass such legislation. Since the passage of WIOA, several states, including **Arkansas, California, Colorado, Nebraska, Nevada, Pennsylvania, and Virginia** passed legislation that re-defined their state workforce development system, with particular attention to sector partnerships. These states have placed greater emphasis on sector partnerships at the local level, and in most cases have designated their state workforce development board as a state point-of-contact for education and workforce systems (and in some cases economic development) to come together around industry-driven efforts. Common to these acts are strong language, such as [Arkansas SB 891](#), which requires that “institutions and organizations will unite around shared regional sector strategies that support an employer demand-driven workforce system.”

Administrative Policy Changes

Administrative changes can lead to significant operational changes that directly affect how sector partnership approaches are designed, implemented and sustained. By embedding sectoral approaches across related policy areas and practices, states can ensure that sector partnerships become “the way we do business.”

Some states are finding ways to re-purpose and leverage existing funding to support sector partnerships. [Kentucky’s High-Impact Workforce Board framework](#) provides local areas with clear definitions, goals, and metrics for developing sector strategies and high-quality sector partnerships, such as requiring local boards to reflect a sector strategy approach in their strategic plan. **New Jersey** has braided several diverse funding streams, including WIOA set-aside, SNAP E&T dollars, and others, to create a \$5 million Targeted Industry Partnership fund. The fund will be used to competitively identify and support promising ideas proposed from regional partnership plans. The funds will also support targeted assistance and coaching to build local capacity in non-selected regions.

Six Administrative Policies to Consider for Sustaining Sector Partnerships

1. Developing competitive grant solicitations that incentivize the formation and enhancement of sector partnerships;
2. Crafting voluntary workforce system standards for local boards and incorporate them in the AJC certification standards;
3. Targeting occupations when developing the Eligible Training Provider List and choosing providers;
4. Braiding different funding streams to better support partnerships and their training needs;
5. Supporting unified business services strategies among partners around sectors including Rapid Response and Lay Off Aversion staff; and
6. Crafting general regulatory or policy guidance for locals.

PERFORMANCE MEASUREMENT



High-performing states measure sector strategy success

Ultimately, for sector partnerships to be both sustainable and meaningful for state policy makers, they must focus on measuring progress on meeting the needs of employers and connecting workers to well-paying, in-demand jobs. Despite the wide adoption of sector partnerships and decades of experience and anecdotal evidence, there has not been a thorough national review or analysis of state sector approaches. Few states have developed a truly comprehensive set of sectors-based performance indicators, and this is a major need for research and policy development. States that are looking to develop this type of comprehensive approach to statewide sector partnerships can and should work collaboratively with their local areas to develop a common agreed-upon dashboard of success indicators (i.e. consensus around sector partnership outcomes). In addition, states can develop guidance outlining a process for collecting and analyzing data and using metrics to make future sectors-related policy and program adjustments.

Colorado is experimenting with specific performance metrics for their emerging and active sector partnerships. The metrics request that sector partnership conveners track indicators of success across three categories: impact on employers (including reductions in turnover or time to hire; increases in productivity); impact on job seekers and workers (including new or improved training or education programs; program enrollment and completion; and job placement and retention); and impact on public programs (including, for example, evidence of formally shared funding streams; and evidence of increased program alignment). Another approach, taken by [Wisconsin](#)'s state workforce board, is to utilize a "balanced scorecard" to provide regular updates at the quarterly meetings of the state board on the effectiveness of the workforce system.² Sector strategies are one of four main components on this scorecard and are one of the broader goals of the state. [Pennsylvania provides annual reports](#) on the scope and impact of industry partnerships across the state, including information on costs and leveraged funds.

² https://dwd.wisconsin.gov/wioa/pdf/wi_wioa_state_plan.pdf



CONCLUSION

States have a clear and vital role to play in ensuring the success and impact of regional sector partnership approaches. Increasingly, practitioners, policymakers, and industries see sector partnerships not as another jobs program or government initiative, but rather a meaningful way the public and private sectors work in tandem to address talent needs. New opportunities through WIOA make it clear that now is the time for governors and state leaders to act. This framework, along with a cross-section of state examples, will allow states to assess their strengths, as well as to identify areas for improvement. By ensuring that the state's approach to sector partnerships embodies the six key characteristics and capacities, states can help businesses be competitive by meeting their pressing talent needs and help workers by connecting them to fulfilling careers.

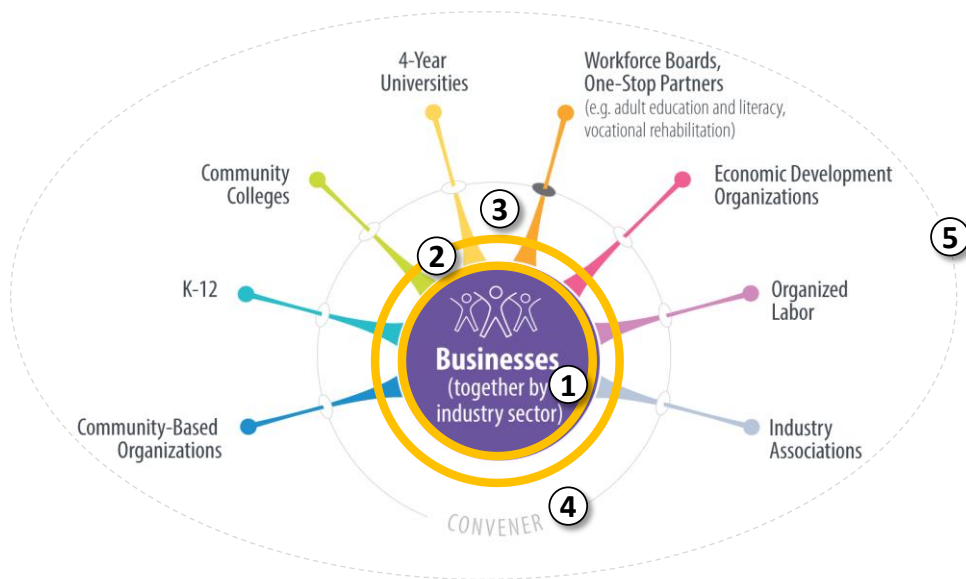
See the [Sector Strategies Self-Assessment \(State Level\)](#) tool designed to help state workforce organizations, state workforce development boards, and other state-level collaboratives determine how well their state is supporting regional sector partnerships today and where they should prioritize future enhancements. The tool is organized along the six capability areas presented here.



APPENDIX: WHAT MAKES A HIGH-QUALITY SECTOR PARTNERSHIP?

Sector partnerships are regional collaborations of businesses within one industry cluster that work closely with government, education and training, economic development, labor, and community organizations to identify and solve workforce and other challenges. While not new, there is a growing body of evidence showing that sector partnership approaches—or sector strategies—can help regions move to a more strategic role in building regional talent pipelines, addressing skill gaps, and creating meaningful career pathways for a range of workers in important regional industries.

Industry Sector Partnership Model



This model is derived from a model presented in an earlier NGA Center publication developed in collaboration with the Woolsey Group, the Corporation for a Skilled Workforce, and the National Skills Coalition that illustrates the alignment of sector strategies with industry clusters and career pathways.

At their core, effective sector partnerships:

1. **Put businesses at the middle** of the conversation, brought together at scale by industry. At this level, partners discover pressing and often broader workforce challenges from businesses, which are *driving* the conversation.
2. **Treat businesses as partners**, no longer just the end customer. In this model, community partners work with businesses to build customized solutions, rather than provide off-the-shelf program-based solutions.
3. **Align partners.** Sector partnerships are driven by solutions; solutions that, more often than not, require multiple partners collaborating and leveraging programs and funding.
4. **Require a credible third party “convener.”** This entity could be a local workforce development area or another organization. The convener acts as a neutral body, ready to guide the partnership and align partners.
5. **Are convened on a regional scale.** Because labor markets and industry clusters cross county and service area lines, so too must sector partnerships.

About The Authors

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The NGA Center is the only research and development firm that directly serves the nation's governors and their key policy staff. Governors rely on the NGA Center to provide tailored technical assistance for challenges facing their states, identify and share best practices from across the country, and host meetings of leading policymakers, program officials and scholars. Through research reports, policy analyses, cross-state learning labs, state grants, and other unique services, the NGA Center quickly informs governors what works, what does not, and what lessons can be learned from others grappling with similar issues.

