

## **Executive Summary**

In order to achieve long-term economic success in the 21st Century and compete in a global economy, governors and state policymakers must create, attract and retain an educated and skilled workforce. A key factor in building a flexible and knowledgeable workforce is the integration of education, economic development, and workforce development policies that provide a continuum of lifelong learning opportunities and work supports.

To assist states in preparing for the demands of the new economy, the National Governors Association (NGA) Center for Best Practices implemented an initiative titled "State Leadership in the Global Economy." The initiative was developed to provide governors with the critical knowledge and policy tools needed to support long-term cluster-based economic development by leveraging regional workforce, science, and technology capabilities and to restructure workforce development in response to the changing economy. There were two separate, yet intersecting projects that were at the core of this initiative including an economic development project focused on cluster-based strategies and a workforce development project focused on linking workforce development with education and economic development.

### **Cluster-Based Economic Development Project**

Underwritten by the U.S. Department of Labor, U.S. Department of Commerce, and the Ford Foundation, the economic development project was a yearlong effort to assist governors in developing strategies for a global economy. This project focused on building cluster-based economic development strategies, maximizing public leadership in promoting international trade, and strengthening science and technology capacity in states. During this project, NGA partnered with the Council on Competitiveness to form a Task Force on State Leadership in the Global Economy. Under the guidance of the Task Force, NGA and the Council conducted a series of workshops, roundtables, and other research and technical assistance activities to assist states in developing cluster-based economic initiatives. As a result of these efforts, several governors' guides were developed to help promote new ideas regarding economic development and to assist states in modernizing their workforce. Major findings from one of these guides, *A Governors' Guide to Cluster-Based Economic Development*, are presented in Appendix A of this report.

### **Next Generation of Workforce Development Project**

Key to the success of the economic strategies outlined in the governors' guide on cluster-based economic development is the provision of lifelong learning and training for employees and employers. The theme of lifelong learning was woven into the fabric of the second project, focused on creating the next generation of workforce development policy. This project was a partnership between the NGA Center for Best Practices and three university-based policy centers and was conducted in two phases - research and planning activities in phase one and a policy academy in phase two.

#### **Phase One - Research and Planning**

The research and planning phase was a two-year effort underwritten by the Ford Foundation, which led to the development of a conceptual framework and action plan for the next generation workforce system. Several activities were carried out during this phase including holding national discussions on workforce development system reform, conducting environmental scans

of workforce development efforts among states, holding regional forums to obtain input from state and local policymakers on workforce issues, and conducting research and writing papers on key issues identified through the former activities.

Emerging from this body of work was a shared vision of the next generation workforce development policy, along with a clearer understanding of the challenges faced by states in transforming current approaches to achieve the shared vision. These were set forth in the NGA Center policy paper entitled *Governors' Guide to Creating a 21<sup>st</sup> Century Workforce*. Policy changes recommended in the guide include: 1) connecting workforce development to economic needs, 2) building a stronger education pipeline to produce skilled workers, 3) expanding opportunities for continuous learning, 4) enhancing workers' ability to manage their careers, 5) strengthening work supports to promote employment retention and career advancement, and 6) strengthening governance and accountability in the workforce system. These recommendations served as the conceptual framework for phase two of the project, the Next Generation of Workforce Policy Academy.

#### *Phase Two - The Next Generation of Workforce Development Policy Academy*

The Next Generation of Workforce Policy Academy was a two-year, intensive technical assistance effort to assist six states (Idaho, Missouri, Montana, New Jersey, Ohio, and Virginia) in developing and implementing new policies to address the challenges of a global, knowledge-based economy. Some of the key challenges facing the Policy Academy states included shortages of skilled workers, barriers to partnerships between state and local agencies, slow economies, few targeted skills-based training programs, and lack of alignment between educational, economic development, and workforce development programs. After identifying key challenges, the policy teams from the Academy states developed goals and strategies necessary to build more effective workforce development systems. Overall, the Academy teams were able to take concrete and positive steps to ensure that their respective workforce systems will address the needs of the 21<sup>st</sup> Century economy.

The Academy process proved to be an excellent strategy for building state policymaking capacity and resulted in very concrete state strategies to meet the goal and objectives of the project. For complex policy challenges, especially those involving multiple state agencies as well as private and local partners, the Academy provides state policymakers a structured format to focus on a key policy issue (or a set of related issues) and resolve conflicts with the support of an expert faculty. It requires a strong commitment from the state teams, as well as intensive work both during and after the formal Academy meetings, in order to complete their goals.

There were several key lessons learned from the Academy process including:

- There is value in providing a structured forum for policy teams to meet and plan;
- The Academy process can help accelerate progress on related state initiatives;
- The Academy process must continuously be customized to the needs of the state teams;
- A structured planning process with defined tasks and deliverables is important to achieve results; and
- It is critical to maintain a focus on the desired outcomes of the Academy.

### **Key Lessons Learned in Addressing the Project Goals**

The six states participating in the Academy acquired the tools and knowledge which are critical in developing effective policies that foster a competitive and knowledgeable workforce. The lessons learned in addressing the project goals include:

- **Aligning workforce and education with economic development requires a clear understanding of the industries in the state and a common understanding of the knowledge and skills required to compete successfully.** Each of the Academy states understood the importance of identifying their state's key industries and needs for skilled workers in order to define a common agenda between their workforce and economic development programs and initiate activities to become better informed.
- **Building a stronger education pipeline of skilled workers requires seamless connections between the components of the system and with the skill demands of the workplace.** Each of the Academy states faced the challenge of producing a continuous flow of skilled workers to meet the needs of business, yet they often found gaps between the systems responsible for producing a skilled workforce. The most common gaps found in the Academy states were between the secondary and postsecondary systems, between education and workforce programs, and between these programs and the skill demands of the workplace. To address these gaps, the states focused on creating seamless connections between education programs, integrating with workforce programs, and strengthening the connections to business and industry.
- **Expanding opportunities for continuous learning requires building partnerships with business and education and ensuring that individuals have the literacy skills necessary to advance.** More than ever the Academy states recognized the importance of building business-education partnerships to ensure that workers have the opportunities to continually upgrade their knowledge and skills. They also recognized that without a solid foundation of literacy skills, individuals cannot take advantage of learning opportunities. With this understanding, several of the states expanded learning opportunities by building on existing partnerships with business and education that were established in creating their one-stop systems.
- **Building career pathways requires good information, ongoing assessment and certification of skills, and access to learning opportunities.** The Academy states recognized that career pathways require bridges between levels of education, and between education and the workplace in order for individuals to succeed and employers' needs to be met. Precise information on labor market needs and learning opportunities is also required along with common ways of assessing and communicating skills. Several of the Academy states initiated activities to build bridges across the gaps in the career pathways in their state.
- **Strengthening the governance of workforce programs requires meaningful outcome measures that are system-wide and tied to the economic goals of the state and communities.** One key barrier to improving the governance of the workforce systems, encountered by the Academy states, is lack of cross-system performance indicators that

demonstrate the systems collective contribution to the states economic goals. Several of the states made significant progress in addressing this issue by identifying a common set of measures across programs and using tools such as performance scorecards to report on the measures.

### **Recommendations Related to Federal Workforce Programs**

The conclusion of this project comes at a time when the Workforce Investment Act, the primary federal workforce development program is up for reauthorization along with other key workforce-related programs such as the Carl Perkins Vocational Technical Education Act, Temporary Assistance for Needy Families, and the Higher Education Act. This presents a major opportunity to eliminate barriers to effective service delivery caused by inconsistent definitions, planning and reporting requirements, administrative structures and accountability measures. The Academy states discussed the following recommendations that, if adopted, could enhance the alignment of workforce and education programs with economic development.

- **Reform all federal workforce-related programs in tandem**
- **New information systems are needed by policymakers, employers, and individuals**
- **Better strategies to engage the private sector**
- **Encourage greater access to training and certification**
- **Allow for flexible service delivery structures, not one-size fits all**
- **Promote cross-system measures and integrated performance information systems**