

**Summary of SEDE Network Meeting
June 25 – 26, 2022**

SATURDAY, JUNE 25

Welcome and Introductions

Sandra Watson opened the meeting and invited everyone to introduce themselves and share current hot topics facing their respective state. The attendee list is attached; the hot topics noted are below.

- Semiconductors
- Prison closures – especially in rural areas
- Workforce development/Talent solutions
- Labor supply and recruitment
- Energy costs
- Water supply
- ARPA compliance
- Auto sector transformation - EVs, hydrogen
- Supply chains
- Site development
- Moving from incentives to investment in knowledge and physical infrastructure
- Organization structures
- Remote work

State Hot Topics Discussion

Following the introductory session, attendees pivoted toward detailed discussion on industrial site development, one of the hot topics identified that was not scheduled for discussion during the later parts of the meeting. Points raised during the discussion are below.

- Overall project size has increased
- Where land is available, workers may not be
- Sites need infrastructure to attract interest
- Amazon warehouses and housing projects compete with manufacturing prospects for large sites that are ready for development
- Attendees are reserving sites for manufacturing
- Some states face water and heat issues
- State or local ownership of sites
- Should logistics-related projects receive incentives?
- Some attendees are unable to create large sites due to multiple landowners

Conversation with Key Federal Partners

Jasjit Singh from SelectUSA provided opening remarks, followed by presentations and discussions with two additional federal officials.

Jasjit Singh, Executive Director, SelectUSA

- SelectUSA Investment Summit is dedicated to promoting FDI
- 3,700 registrations representing 70 markets making 2022 the largest summit ever
- For the 10th consecutive year, USA is ranked first in the world for FDI
- Hoping to direct FDI into rural and underserved areas
- Values SEDE's input into SelectUSA work

Jessica Milano, Chief Program Officer, Office of Recovery Programs, U.S. Dept. of Treasury

- Leading new Recovery Office and overseeing \$450 billion in recovery funds
- State/Local Fiscal Recovery Funds - \$350 billion going to 30,000 units of government
 - Complex guidelines, but some flexibility on use
- SSBCI 2.0 different program – larger allocations along with TA and tribal governments
 - Equity and debt programs
 - 10:1 leverage is high bar, but recycling of funds can play a role
- Once funds have been allocated to a state, Congress will be unable to recoup funds
- Appreciate future SEDE input and support for increased levels of funding for program administration
- *Note: CREC is currently engaged with Treasury to support the State Small Business Credit Initiative (SSBCI). The SEDE Network benefits from this relationship through updates and networking.*

Alejandra Castillo, Assistant Secretary, EDA, U.S. Dept. of Commerce

- Worked in Clinton and Obama administrations
- EDA generally receives \$300 million annually vs. \$3 billion in recovery funds
- Created six grant programs; time for nation to think broadly and give “equity” a meaning
 - Programs have been oversubscribed; how to work with unsuccessful applications?
- Tech and innovation investments are too geographically concentrated – EDA’s investments are designed, in part, to develop tech hubs more widely dispersed throughout nation
- Has high hopes for CHIPS act but it needs to get passed by Congress
- Attendees impressed with grant flexibility; wished they had more time to submit application
- Many attendees expressed an interest in working with EDA to support applications consistent with state plans
- Appreciates SEDE support; likes the power of stories to sell economic development programs
- Economic development needs to improve how distress is measured and improve inclusive economic development
- EDA needs modern tools and strives to be a thought leader in the field
- EDA striving for a “bottom-up, middle-out” approach towards helping jurisdictions, giving more autonomy for applicants to problem solve
- *Note: CREC is currently engaged with EDA on a project designed to improve the alignment and collaboration between states and the local economic development districts. Assistant Secretary Castillo noted that the aligning state and local strategies and activities is one of her priorities. The SEDE Network is a powerful partner in this project and has played an important role in several project tasks.*

NGA Update

Sally Rood of the National Governors Association provided an update on NGA activities.

- Sally works in NGA’s Center for Best Practices which has 12 policy areas
 - Sally focuses on Workforce and Economic Policy which has some overlap with SEDE
- NGA recently completed a report – “One-Stop Portals Help Businesses Navigate State Regulations”
- Other topics of interest address workforce development and broadband access

- NGA starting a SCOTUS blog that will address topics that have state implications
- NGA also offers a new governor orientation
- Newsletter produced every two weeks; contact Sally to sign up for it (srood@nga.org)

SUNDAY, JUNE 26

Addressing Labor Challenges: Opportunities for Federal-State Collaboration

Brent Parton, Acting Assistant Secretary, Employment and Training Administration offered some comments on how ETA and States/Territories can collaborate to meet pressing labor challenges.

- Workforce development is economic development
- Need a deeper connection between training and work to meet business needs
- Apprenticeships are effective in other nations and DOL wants to pursue a similar approach
 - DOL is driving action; does not want to be in a perpetual planning mode
 - Funding flexibility and immigration are critical as well
- Many paths to success for youth – college is not the only route
- Local control is good intent, but not always efficient
- He noted that attendees may want to use flexible highway funds for workforce development services
- DOL is developing a strategic push to work with other agencies for workforce outcomes
- Targeting resources in key sectors rather than “spray and pray”
- ETA current priorities: trucking, cyber, public health but also advanced manufacturing
 - Trucking analysis helped ETA efforts to assist trucking companies considering options to enhance job quality.
- There is no one solution; SEDE can help by bringing workforce partners to table and meet with federal partners that ETA will bring
- Ken Poole noted that CREC will communicate analysis of state and local strategic plans to ETA

Talent Strategies: How States Can Address Workforce Challenges

Kurt Foreman (DE) led this session with a brief presentation (see attached for talent strategies handout) and then facilitated the discussion:

- Economic developers rebranding workforce development to avoid conflict – “Talent Solutions”
- Workforce data can be challenging to access, and it is often outdated
- States are launching efforts to attract workers
 - Delaware - LiveLoveDelaware.com
 - South Carolina - Roadtripnation.com/edu/sc
 - West Virginia - hired JobCase to build privately funded website:
<https://www.jobcase.com/ru/West-Virginia>
- MO is developing common branding for tourism, economic development, and workforce
 - Run into resistance from some groups; borrowed idea from MI
 - Today’s tourist is tomorrow’s talent
- Childcare continues to be an obstacle to workforce participation
- Rural sites may be a solution if broadband, amenities, and housing are available
- Attendees are using business associations to attract talent and lead discussion
- DE has career pathways for middle and high school students

- Productivity improvements will have to be part of the solution if employers can't find sufficient skilled workers
 - WI has a productivity initiative <https://wmep.org/assessments/productivity/>
 - MN has automation training grants and using SSBCI for automation loans

Leading Economic Development Organizations During Time of Change

Joan Goldstein (VT) facilitated this session and the following points were discussed:

- Recovery funds are a blessing and a curse; dependency and challenging to develop interagency teams to optimize opportunities
- Variety of programs may have raised expectations for businesses that are not typical targets
 - SSBCI programs may help offset the “hangover” effect
- Remote work can be flexible and boost morale, but very challenging to manage
 - Becoming important in retention and recruitment for organizations
 - Cities requesting state employees return to office
- Pay is challenging and states often don't have the funds to stand up new staff
 - NC completed compensation and benefits analysis and will share upon request
 - NY is conducting a compensation analysis
 - MO recently completed study found pay was “right down the middle”
 - DE has had to increase starting pay
 - Local governments pay more than state government for economic development staff
 - AZ Legislature just increased overall salaries by 10 percent
 - Many states have had small salary increases for many years
 - Remote work and schedule flexibility is more important than pay in some states
- State undergoing realignment
 - MI undergoing agency realignment – said aloud what had been whispered
 - SC has completed reorganization and now committed to professional development

Working Lunch and Network Business Meeting

Topics addressed during the lunch:

- Interest in quarterly Zoom meetings with the next in-person meeting for Winter 2023
 - Location uncertain
 - Additional ad hoc meetings if issue(s) demand
- With elections and turnover, important to connect with new state executives
- CREC presented several topics:
 - Leadership curriculum. Discussed topics and invited attendees to record thoughts on one or two topics for future leaders.
 - Steering Committee. Noted current steering committee membership and invited additional participation.
 - Website. Currently refreshing website and highlighted sections including the state-local alignment pages which highlight elements of the CREC engagement with EDA.
 - Organizational Structures. Highlighted the importance of this research and invited attendees to use the information and submit org information if they haven't already or update as changes occur.

Building a Strong Backbone: How are States Investing in Infrastructure?

Kevin McKinnon (MN) offered thoughts on infrastructure and then attendees discussed:

- MN receiving \$100 million from the Infrastructure Investment and Jobs Act (IIJA)
 - Legislature has been involved with directing how funds are spent
 - MN needs \$1.3 billion to connect state with adequate broadband speeds
- MN Legislature has funded several new initiatives in economic development department
 - Transportation infrastructure, Housing, Childcare, and Energy transition (coal/nuclear plants to solar)
- Like many states, MN is reviewing opportunities for non-ferrous mining
 - Some attendees noted that private parties and tribes are concerned about mining operations
 - Attendees mentioned that White House is trapped on mining issues – go to White House, not departments, to voice concerns
 - Attendees also indicated concern that U.S. is far behind other countries (especially China) on lithium production
- Several states are looking at the Dept. of Energy's [hydrogen hub initiative](#)
- Brittany Sickler from EDA attended this session and added some thoughts
 - Expressed appreciation for participation in the session and indicated an interest in working with SEDE and states on the mining questions
 - Highlighted the [Economic Recovery Corps Program](#) noting goal of embedding 50-100 fellows in local economic development organizations across the country to develop stronger connections and help EDDs execute their economic development plans and goals
 - *Note: Brittany is part of the project team EDA has assembled to work with CREC on state-local alignment project noted above.*

Selling Economic Development to Your Legislature

Quentin Messer (MI) introduced some thoughts on Michigan's work with the legislature and then invited general conversation.

- Wanted big idea to sell Governor (D) and Legislature (R) on economic development
 - \$1 billion [SOAR Fund](#) (used Texas Closing Fund) passed in December 2021
 - Legislators must approve all SOAR Fund deals so information is public
 - ROI remains important including cost of inaction
 - Term limits result in lobbyists having influence
 - Three types of "adversaries"
 - Free Market – government shouldn't intrude
 - Corporate welfare – incentives to wealthy business
 - Progressives – need to invest in social programs
- Some attendees indicated an interest in knowing more about "but for"
 - Ken Poole mentioned a "[but for](#)" paper that would be helpful to discussion
- Some attendees noted the "what about me?" request, observing that a business wants an incentive like another business received

- Some attendees noted “radioactive” bills or policies that can affect the business climate
- Attendees agreed about the importance of showing up to meet with legislators even when you don’t agree

Meeting Summary and Remaining Topics

Topics for further discussion at webinars or meetings:

- Interstate directory of available site developments (reduce competition)?
- Supply chain to assist manufacturers
- Workforce and talent development – especially around apprenticeship

Meeting was adjourned at 3:10 pm.