



# State Economic Development Executives Network (SEDE)

Helping State Economic Development Leaders Thrive

The State Economic Development Executives (SEDE) Network held its 2024 Winter Networking Meeting on January 29-30, 2024, in Las Vegas, Nevada. Sandra Watson (SEDE Chair and President/CEO, Arizona Commerce Authority) opened the meeting and noted that these meetings allow state leaders to discuss and share ideas on key issues in a confidential setting. She added that 23 states were represented at this year's meeting and another 14 states were unable to come due to scheduling conflicts. She concluded her remarks with an introduction of SEDE's new Vice Chair – Joan Goldstein (VT).

## Hot Topics and Takeaways

The first session provided an opportunity for state leaders to share emerging topics in their state along with takeaways that they hope to bring home. Issues raised included:

- Workforce
  - Talent retention and attraction
  - Retaining college graduates
  - Barriers to the workforce
  - Apprenticeships and talent pipelines
- Housing
  - Affordability
  - Workforce housing
  - Partnerships with developers
- Community development
  - Healthcare
  - Education
  - Child and elder care
  - Population growth (including migration) challenges
- Managing federal funds
  - EDA Tech Hubs, CHIPS, NSF Engines, Hydrogen Hubs
  - SSBCI
  - RFI fatigue
- Inequality
  - Income
  - Rural vs. urban
  - Seeking rural opportunities
- Organizational Challenges
  - Working with the Legislature
  - Staffing changes
  - More programs without additional staff
  - Incentives vs. tax cuts
  - Less focus on job creation
  - Pace of change
  - KPIs
  - Improving local capacity
- Energy
  - Transition from coal economy
  - Green energy
  - Costs and infrastructure
  - Data center requirements
- Other Issues
  - Artificial Intelligence
  - Future of office space
  - Natural disasters
  - Global innovation/trade
  - Transportation
  - Tourism
  - Investments from China
  - Mining

## Extended Hot Topic Discussion

From the hot topics listed from states, further discussion was held around the following:

- **Benchmarking and making comparisons** to other states – are there resources that exist to help with this work? Attendees noted that benchmarking is challenging, but some information is public and other state leaders are generally willing to assist with sharing information. For example:



# State Economic Development Executives Network (SEDE)

Helping State Economic Development Leaders Thrive

- SEDE's website has [organizational structures](#) listed (must login to view),
- CREC's [State Business Incentives database](#) offers information on state incentives, and
- Public sources include [U.S. News and World Report](#) and [The State New Economy Index](#).
- State coordination of **federal programs**. One challenge with some federal programs is a required state funding match. Some states have dedicated funds set aside to pull from, while others rely on partners to ensure capacity is high enough.
- **Energy** was another hot topic from states, especially in regard to opportunities such as CHIPs and Hydrogen Hubs. Learning how to stack funding to implement both infrastructure and programming simultaneously is critical.
- **Housing** was a concern mentioned by most state leaders. Zoning constraints and affordable housing are key issues, along with NIMBYism and challenges building in rural communities. Middle-income housing is a priority for several states (but often not for the legislature) with one state noting an interest buydown program that can address high costs and another noting developers are required to include affordable housing in new developments. Many leaders also mentioned Airbnb/investors as a growing issue.
- **Conflicting Federal policies** was mentioned as an ongoing challenge – manufacturing is a priority, but federal environmental policies aren't always supportive of this growth
- The [SEDE website](#) was noted as an important resource for the SEDE Network. Along with the org structures noted above, the [SEDE website](#) has many features to benefit SEDE members:
  - [Forum](#) – feel free to utilize this resource to pose questions to other state leaders
  - [State Executives Curriculum](#) of 80+ videos for new and experienced leaders
  - [State-local alignment resources](#) including issue briefs highlighting best practices

## Designing Place Based Economic Development Initiatives

Lead: Eve Lieberman (CO)

The first topic discussion focused on place-based initiatives and how states are developing and implementing place-based federal and state programs. Eve Lieberman, Director of the Colorado Office of Economic Development and International Trade, led the conversation, beginning with a presentation highlighting Colorado's initiatives. The main takeaways included:

- **With the number of transformative opportunities, how do we better compete for available funding?** The emphasis must be beyond technology funding; states must focus on workforce, partnerships, and integration as well. Aligning national and state economic development priorities by closing ecosystem gaps is key. In Colorado, this includes:
  - Colorado Federal Fast Forward: The state created guidelines to have funding to support regional projects, with \$2M distributed to support applicants who applied for EDA Tech Hubs but were not selected.
  - Colorado's CHIPS & Science Act Strategy: Convene, Heighten, Invest, Provide
  - NSF Engines: Colorado partnered with Wyoming for this application to support a joint-state initiative



# State Economic Development Executives Network (SEDE)

Helping State Economic Development Leaders Thrive

- Rural economic development: Includes support for the CEDS, community revitalization programs, and thinking about ways to support regional placemaking opportunities even outside high-tech clusters.
- Eve's full presentation can be found [here](#).

It is easy to do a one-size-fits-all approach, but it is important to recognize the differences between regions to define what stakeholders want to be based on the unique assets they have in their region. This includes working with housing, tourism, arts and culture, and federal programs to develop and leverage key community assets.

- One attendee recommended everyone review [Chasing the Past, or Investing in Our Future](#) Michigan State University (Land Policy Institute). The research discusses how placemaking can play a role in the new economy.
- Another state noted Michigan's [RAP program](#) - a \$100 million initiative which offers access to gap financing for place-based infrastructure development, real estate rehabilitation and development, and public space improvements.

## Apprenticeships Discussion

### Lead: CREC

Ken Poole and Bob Isaacson from CREC led a discussion on apprenticeships, beginning with highlights from the recent SEDE trip to Germany to learn more about the German apprenticeship system. The trip followed conversation at past SEDE meetings that indicated an interest in learning more about the German system and what could be applied in the U.S.

Following a short video and overview of the trip, attendees discussed state-specific programming and challenges with the apprenticeship model in the United States. When looking at the career programs linked with apprenticeships, they are well-paying jobs; however, the challenge is conveying to parents (and society) the benefit of these programs and marketing their success. This process must begin earlier in schools, similar to Germany's rigorous program. A paradigm shift may be required to market these programs and to get companies to participate.

State officials noted that foundations have proven to be useful sources of funding in this space along with industry and state sources. On the public side, [Colorado](#) recently passed a \$5 million initiative to incentivize apprenticeships and fuel a change the public perspective of trades as a career opportunity. West Virginia offers free technical and community college tuition and employers can earn up to a 50 percent wage credit for some occupations. Vermont offers a similar wage subsidy program. States also noted that one challenge is that WIOA is focused on workers who often make training decisions that are inconsistent with industry demand. WIOA is currently undergoing reauthorization hearings with a House committee recently passing [legislation](#).

More information on the trip can be found on the SEDE website under Hot Topics: [Talent Development](#). The video played during the session can be found [here](#), along with the handout [here](#). The full report from the Germany trip can be found [here](#).



# State Economic Development Executives Network (SEDE)

Helping State Economic Development Leaders Thrive

## Talent Strategies to Address Workforce Challenges

### Lead: Sandra Watson (AZ)

All states are facing workforce challenges. Sandra Watson, President and CEO of the Arizona Commerce Authority (ACA) discussed one example of Arizona's talent programs along with strategies to mitigate critical labor issues.

Arizona's [Workforce Accelerators](#) is a partnership between community colleges, industry leaders, the local community, and ACA to improve alignment between training and employer needs. In order to get industry to partner and invest in the program, Sandra emphasized that it must be a three-way partnership in order to be successful. Marketing the program and having companies visit high schools to promote opportunities is important and led to scaling the program to 2,000 participants to meet the needs of an EV manufacturer located in a lightly populated area.

Joe Fox from Nebraska shared the [Intern NE](#) program, which provides \$7,500 grants to employers for internship creation. Key metrics for this one-time program include providing quality internships, number of interns, and post-graduate retention.

Paul Eisenstein noted that Missouri companies can claim a tax credit of \$1,500 for each paid intern or paid apprentice they hire up to \$9,000 with the tax credits applying only newly created positions. More information about the program can be found [here](#).

The discussion transitioned to measuring outcomes (including through data sharing with UI agencies) and modeling the impact of these strategies. Suggestions to measure include how long open positions stay online and unfilled, how long it takes to fill positions, and utilizing unemployment insurance information. However, many states are challenged with accessing UI data; some states have easier access than others, and there may need to be a way to find an incentive for everyone to cooperate. Suggested resources included:

- Lessons on accessing data: <https://www.statedatasharing.org/>, and
- Jobs and Employment Data Exchange ([JEDx](#)): A U.S. Chamber public-private approach for collecting and using standards-based jobs and employment data.

A final important topic related to the workforce is the availability (and affordability) of elderly care and childcare. States shared a variety of initiatives to address these important issues including at-home childcare funding in Oregon. Other ideas included providing incentives to employers for childcare reforms, passing tax reforms in the state related to childcare, wage increases to strengthen capacity, and further research on childcare strategies. States noted that there is a difference between assisting childcare centers and assisting families. The childcare requirements in the CHIPS Act have further highlighted the importance of improving childcare accessibility.

## Creating the Perfect Site for Business

### Lead: Chris Chung (NC)

The next session was led by Chris Chung, CEO, Economic Development Partnership of North Carolina, to discuss site location requirements and future actions required to facilitate proper site expansions. Chris noted that projects are getting larger and site competitiveness is driven by three key factors:



## State Economic Development Executives Network (SEDE)

Helping State Economic Development Leaders Thrive

energy, workforce and site characteristics. In an informal attendee poll, most states had competed for mega projects (\$1 billion investment, 1000+ acres) in the past few years, and some competed for more than a dozen annually. Information about North Carolina's megasite program can be found [here](#). Given the availability of these sites is limited, some states are developing programs for smaller sites (100 – 999 acres) including North Carolina's [SelectSites Program](#) for mini-mega sites (100 to 999 acres).

All site programs face long-term challenges, however, including acquisition, who will own, manage and maintain the property, and how protections can be written into state funding. Arkansas utilized EDA Statewide Planning Grant dollars for a site analysis program where communities can submit sites for third party evaluation. This information could be used to guide future site development, as these sites will be tracked to ensure site problems have been addressed. However, some states noted that many sites had ongoing issues even after certification.

Vermont noted a \$5 million program that directed development to rural areas of the state with rural organizations pitching to the state for investment of up to \$1 million. Other states noted the importance of highlighting the expected ROI which is difficult for legislators to accept given its future perspective. Another state noted a TIF-like program that provides for some site development incentives.

Two questions were mentioned during the site development discussion:

- **Question:** How are states addressing multiple sites requesting marketing?  
**Answer:** It is impossible to please all localities so it is important to focus on the best sites that meet the needs of the business client.
- **Question:** How do you address NIMBYism?  
**Answer:** Hosting community meetings to show that concerns are being heard is important. It is essential to be transparent and open during public discussion.

### Meeting Economic Development Organization Challenges

#### Lead: Sophorn Cheang (OR)

Sophorn Cheang, Director of Business Oregon, led a discussion on challenges economic development organizations face, including staff retention, legislative relations, and remote work.

State leaders were asked to share their hybrid work requirements at their organizations. Responses were across the spectrum in the number of days required in office, with many requiring 1-3 days, and others having no requirements while others required 5 days in the office.

Leaders shared that hybrid work environments, from a retention standpoint, has improved access to talent from across the state. However, some states struggle with low performers working remotely, or feeling a diminished connection to their team. Suggestions included:

- Hiring culture over skillset is sometimes a beneficial mindset to have. States found this to be an effective method to retain strong players and have a strong culture.



# State Economic Development Executives Network (SEDE)

Helping State Economic Development Leaders Thrive

- Meeting with legislators throughout the year helps maintain connections while working remotely. Some organizations have a dedicated staff person for partnership development and rely on these partners to achieve greater work.
- Staying connected via weekly check-in calls or engaging on Slack has been helpful. It is important to be an engaged leader to model connection to expect that behavior to be reciprocated. Sending daily messages to staff and weekly messages to the board to push constant communication about what is happening could boost engagement.
- Mandating full-person employment is challenging when staff have children. However, states are creating innovative programs, such as an internship program in Arizona which hires employee's children. This program is applicable to those over the age of 16, and helps teach soft skills, helps young adults gain experience, and helps parents maintain a work-life balance.

Challenges with remote work and retention will continue, but states are finding creative ways to address these issues that work for their organization and staff. One attendee recommended that everyone listen to a recent New York Times [podcast](#) that discussed hybrid work challenges.

## CHIPS – State Collaboration

### Lead: CREC

Ken Poole and Bob Isaacson from CREC led a discussion about a project funded by Pew Charitable Trusts to identify opportunities for states to collaborate on CHIPS-related workforce and supply chain issues. Most of the attention with the CHIPS & Science Act has been surrounding the potential of big fab plants; however, CREC is interested in the potential for multi-state collaboration to address key challenges that will arise from both fab plant and manufacturers supplying these facilities. In particular, the project is focused on interstate collaborations and coordination in workforce development and supply chains, with an emphasis on embracing DEI principles.

Arizona has a strong incumbent advantage with CHIPS and offered perspectives on developing the semiconductor industry. The state brought industry together and realized that funding alone will not make the state competitive, especially in terms of national defense. The state developed the [Semiconductor Roadmap](#) to focus on national competitiveness and developing recommendations for supply chain, workforce, infrastructure, and entrepreneurship.

Multi-state collaboration to strengthen national defense and working together on workforce and supply chain efforts is vital for the success of the semiconductor industry. The challenge is planning for these efforts without yet having the suppliers or workforce in place. Industry needs in the semiconductor industry are similar to the advanced manufacturing industry, so that could be a starting point for discussing these efforts. Strengthening the pipeline, encouraging both young people and mid-career professionals to consider these positions, and better understanding what skills are needed are necessary next steps. CREC is interested in speaking with states who have started considering these challenges but may not have the fabs or infrastructure in place.

The handout shared during the session can be found [here](#).

The SEDE website has a [CHIPS Hub](#), including the map of federal innovation awards and other relevant reports and webinars.



# State Economic Development Executives Network (SEDE)

Helping State Economic Development Leaders Thrive

## Working with SSBCI Capital and TA Programs

**Lead: Jeff Stout, Federal Program Finance, State Small Business Credit Initiative, U.S. Department of Treasury**

Jeff Stout from the U.S. Department of Treasury shared program updates on the SSBCI Capital and Technical Assistance programs, how states should interact with Treasury, and highlighted a grant funding opportunity.

Program updates included:

- All states/territories have received funding except for two territories. SSBCI 2.0 is much larger than the first round of SSBCI, with more than 200 programs. About 60% of the funding is allocated to credit enhancement programs; 40% to venture capital programs. Loan participation programs are the most common SSBCI program.
- Treasury is focused on building SEDI business opportunities and SEDI fund managers.
- As of September 30, states have expended roughly 10% of the total funding. A big spike is expected to happen in 2024, as many programs will be coming online.
- **Question:** How can I learn how my state is doing compared to others?
  - Treasury published narratives of all capital programs which is available [here](#).
  - Quarterly [reports](#) will further explain how funding has been deployed. The annual report will be released at the end of summer.
- Challenges for the program include the length of time many of these programs require to launch. Treasury is open to have discussions with states who are struggling.
  - States should expect communication from Treasury if there are concerns with compliance. With the proliferation of lenders, there is a higher possibility of miscommunication and problem transactions.
  - Many states shared that they do not feel far along with their programs or have yet to deploy funding to businesses.
- **Question:** As states, what can we do to improve these efforts?
  - Being proactive about sharing successes or potential problem transactions is important. If states flag a transaction or a partnership to Treasury, that helps lift up the program and provide examples to others of what can be possible. Do not be shy to reach out to Jeff or your state's outreach manager.
  - Treasury wants to be available to offer training to states to ensure conflict of interest issues are not a problem; it is challenging to comply, but critically important.
- Treasury wants to provide technical assistance to states and encourages jurisdictions to work with the outreach managers, learn from each other, utilize working groups, and attend regional convenings.

The technical assistance programs continue to roll out but the third and final SSBCI grant opportunity is the Investing in America [Small Business Opportunity Program](#) (SBOP), which will offer \$5 - \$10M grants to states, territories, and tribal governments with a focus on connecting businesses to opportunities generated by recent federal investments. The objective is to connect small businesses to financing opportunities, with a focus on underserved businesses.



## State Economic Development Executives Network (SEDE)

Helping State Economic Development Leaders Thrive

- SBOP is a competitive grant, unlike the rest of the program, with \$75M available in total and 8-15 awards will be awarded.
- Main criteria include how the program connects to industry, with points for partnerships and scaling the program with a non-federal match.
- The application will open in February. States and territories of all sizes are encouraged to apply with awards coming this summer.
- Programs can be new, and creativity is encouraged.

Jeff concluded by encouraging states to take advantage of this funding opportunity and to not hesitate to ask questions. Jeff's email address is: [jeffrey.stout@treasury.gov](mailto:jeffrey.stout@treasury.gov)

Jeff summarized with five takeaways:

1. Take advantage of the funding including SBOP.
2. Ensure activity is in compliance.
3. Engage your peers.
4. Treasury is available for technical assistance.
5. Outreach managers can assist your staff.

### Engaging with NSF

#### **Joda Thongnopnua, Program Director, NSF Regional Innovation Engines Program Technology, Innovation and Partnerships Directorate, National Science Foundation**

Joda Thongnopnua from the National Science Foundation shared the recent NSF Engines award announcement and how NSF's innovation ecosystem programs work in coordination with other federal programs.

The Regional Innovation Engines are focused on advancing critical technologies that will advance innovation, with 10 inaugural awards just announced. The Engines required research universities to partner with industry, workforce development, technical and community colleges, as well as community-based organizations to build the early-stage technology.

Following this first round of awards, the intent is to run a second round of the competition in the next six months. The strongest applications from the initial round had deep engagement from government to ensure that the area of focus aligned with regional priorities; the Engines should not solely be run by the research universities. Place matters, and NSF is interested in the reach of services and how a state's key competitive advantages can benefit the defined regions in the application.

State leaders had several questions surrounding NSF's programs:

- **Question:** What is the difference between EDA's Tech Hubs and NSF's Engines?  
**Answer:** There is an overlap in the programs and there will be areas where both awards are given to a region. EDA's focus is largely on scaling up current industry and technologies to compete today, while NSF is interested in the future potential of industries.



# State Economic Development Executives Network (SEDE)

Helping State Economic Development Leaders Thrive

- **Question:** For those applications that were university-centric, did they receive that feedback?  
**Answer:** Yes, applicants received this feedback. There are external reviewers for these applications, and each project received written feedback. Finalists were invited to convert the applications to a development award, with additional feedback provided as well.
- **Question:** How is NSF considering tech transfer and commercialization?  
**Answer:** To be a part of the NSF Engines program, the applicant must submit a management plan that includes a tech transfer strategy. This is where states can play; there are opportunities for states to be conveners in this process and assist universities with reducing friction for these ideas to get out of the lab into industry to create jobs.
- **Question:** How do you reconcile regional focuses when much of economic development is local?  
**Answer:** NSF sees proposals that have research potential, but it may not be clear that they will produce jobs. Talent is being drawn away due to the lack of risk capital to invest in those ideas, industry customers being located elsewhere, or possible uncertainty on how to convene partners. The Engines must use funding to pull together those customers and create the local footprint. The goal of this program is economic outcomes.

Joda encouraged state leaders to connect with development awardees in their respective states to see where assistance can be provided. NSF is happy to further discuss awardees and proposals; Joda's email address is: [jthongno@nsf.gov](mailto:jthongno@nsf.gov)

## Network Business Meeting

The meeting concluded with a discussion of SEDE network business. Topics and action steps included:

- SelectUSA one-day event, held in June
  - Scheduled for June 24, 2024 but attendees suggested June 23 (Sunday) might be better given scheduled SelectUSA meetings on June 24.
- Helpful future topics for discussion, either as a webinar or a future session:
  - Energy: SEDE is hosting a webinar with DOE on March 7. Register [here](#)
  - Rural opportunities
  - Childcare
  - Housing – Interest in having HUD present at the next meeting
  - Discussions surrounding the dynamic between community and economic development
  - Collaborating with universities
  - Background on policy and knowledge of other organizational structures

The Steering Committee will meet to further discuss leadership and the June agenda.