

# LESSONS AND OPPORTUNITIES IN STRATEGIC ALIGNMENT BETWEEN STATES AND ECONOMIC DEVELOPMENT DISTRICTS

## THE VALUE OF STATE-EDD STRATEGIC ALIGNMENT

FEBRUARY 2024

1 OF 9 ISSUE BRIEFS

### INTRODUCTION

Nearly four years after the height of the COVID-19 pandemic, the nation continues to face complex challenges in recovering from the pandemic's economic impacts and in creating sustainable economic growth in the face of many other dynamic economic changes. The solutions require coordinated planning efforts at all levels of government including EDDs, states, regional economic development organizations and other public and private partners.

Economic development planning is a cornerstone of the U.S. Economic Development Administration's (EDA) programs and serves as a means to engage community leaders, to leverage the involvement of the private sector, and to establish a strategic blueprint for regional collaboration. Regional planning is important because the nation is not a monolithic economy and national success is not driven by a single solution or strategy. The nation's economy is fueled by a collection or network of regional economies, each with unique assets, industry specializations, labor markets and business conditions.

Given the unique nature of each region, EDA supports planning activities by regional organizations (i.e., Economic Development Districts, or EDDs), Native Tribes and other eligible state and sub-state entities. The planning activities initiated by these organizations can be enhanced, and the results ultimately boosted, through strategic alignment with other organizations. Several of the planning initiatives and associated alignment efforts tackled by these

### About the Issue Brief Series

Alignment of state and EDD planning activities leading to collaborative program execution is an important way to increase the chances of regional and state economic success. Awareness alone is not enough; alignment is the critical next step in working together to solve a region's economic challenges. Misalignment of strategies can result in divergent priorities and uncoordinated efforts that may undercut program success or lead to duplicative activities.

Creating a culture and process centered on alignment supports coordinated economic strategies and investment which can help facilitate improved economic outcomes, sustained economic growth, and enhanced equity throughout the nation's economy.

This issue brief is one of a series of nine reports that will help inform efforts to increase alignment, collaboration, and co-investment between states and local EDDs, as well as their public and private stakeholders.

**The Center for Regional Economic Competitiveness specializes in providing practical, data-driven solutions so decisionmakers can create more equitable opportunities for their states and regions. We achieve this by helping regions build capacity and leverage their strategic assets with an emphasis on talent, innovation, and networking.**

organizations (with a focus on states and EDDs) are addressed in these nine issue briefs covering such topics as manufacturing, workforce development, export promotion, and inclusive development. While each organization's plan will be unique, alignment between plans and collaboration in their execution can coalesce efforts and raise the potential for respective success providing a framework to guide alignment efforts for other organizations.

These issue briefs are one component of a larger project funded by EDA to improve alignment between states and EDDs. EDA engaged the [Center for Regional Economic Competitiveness](#) (CREC) and its partners ([National Association of Development Organizations Research Foundation](#) (NADO RF), [State International Development Organizations](#), and the [American Manufacturing Communities Collaborative](#)) to research the barriers to strategic alignment, educate stakeholders, and provide technical assistance to increase collaboration and co-investment. This issue brief is the first in a series of nine reports that will help inform efforts to increase alignment, collaboration, and co-investment between states and local EDDs, as well as the public and private partners they depend on for success.

EDA supports regional planning in particular through designated EDDs, a network of multi-jurisdictional entities organized with local leadership. To be designated, EDDs must meet regional distress criteria and are commonly composed of multiple counties. The over 400 EDDs<sup>1</sup> across the nation help lead a regionally driven economic development planning process that leverages the involvement of public, private, and non-profit sectors to establish a strategic economic development plan (or blueprint) for regional collaboration.

The strategic blueprint that each EDD uses, known as a Comprehensive Economic Development Strategy (CEDs), results from a locally led planning process focused on identifying opportunities for regional economic development. Through the CEDs process, individuals, organizations, governments, and private industries engage in meaningful conversation about the economic direction of their region.<sup>2</sup>

The CEDs represents the culmination of that process, and the resulting document identifies strengths and weaknesses, establishes priorities, and sets goals and benchmarks. It provides an economic development roadmap to prosperity that brings together a diverse set of partners to generate good jobs, diversify the economy, and spur economic growth. Developing and implementing a CEDs is a pre-requisite for a regional organization for designation from the EDA as an EDD and eligibility for certain federal funding programs.

**Many states and EDD officials note that while they are aware of each other's economic development-related activities, there is often minimal effort made to align strategies and develop collaborative initiatives.** These efforts operate independently and may result in a misalignment that reflects diverging priorities. The results may confuse potential federal, philanthropic, or private partners and investors, or even result in activities undercutting respective program success. Creating a culture and process that supports more closely aligned and coordinated economic strategies and related investments will result in improved economic outcomes, sustained economic growth, and enhanced equity throughout the nation's economy. This issue brief is the first in a series of nine reports that will help inform efforts to increase alignment, collaboration, and co-investment between states and local EDDs, as well as the public and private partners they depend on for success.

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1. EDDs are known by many names including regional planning councils, development commissions, among others.

2. For more information on EDDs and CEDs, please visit [www.eda.gov/edd/](http://www.eda.gov/edd/) and [www.eda.gov/ceds/](http://www.eda.gov/ceds/).

## METHODOLOGY

The project team's initial research question was whether the CEDS documents published by EDDs within each state revealed similar priorities as their respective state economic development strategy. A better understanding of the potential alignment serves as the foundation for offering an assessment of where EDDs and the EDA might be best positioned to leverage state investments. To better understand how well efforts are currently aligned, the team collected and analyzed the state plans and EDD regional strategies (CEDS). The plan information was sorted and inputted into a spreadsheet displaying state and regional economic development strategies and initiatives.

To allow for project (and public) comparison of strategic alignment, the team translated the initial spreadsheet of strategies and initiatives into the [State and Local Economic Development Strategies \(SLEDS\) database](#). The SLEDS database classifies the strategies available from 53 U.S. state and territory economic development strategic plans and 400 CEDS plans organized to serve all or parts of states, territories, and the District of Columbia resulting in more than 20,000 records. After creating the SLEDS database, the team conducted follow-up interviews with selected state and EDD leaders, held in-person workshops, and offered webinars which facilitated discussion around alignment of state and regional strategies and activities.

Along with this introductory report, the issue briefs focus on eight key economic development topics including CEDS development; state-EDD partnerships; business development; international engagement; manufacturing; infrastructure; workforce development; and diversity, equity and inclusion (DEI). Four of these topics focus on areas that are among [EDA's Investment Priorities](#).

In addition to these issue briefs, the team developed educational programming on state-EDD alignment to raise awareness and highlight the importance of collaboration opportunities. This programming included written reports and webinar demonstrations of ways states and EDDs can improve overall alignment and coordination. The reports and webinar recordings can be found on the State-Local Alignment page on the [State Economic Development Executives Network's website](#). Developing webinar content provided new examples of state-local collaboration highlighted in these issue brief reports.

The project team also utilized its networks to conduct interviews with EDD leaders, state economic development executives, state trade representatives, and regional manufacturing leaders. These interviews ultimately formed the basis for case studies that illustrate state-regional alignment in a specific context (e.g., CEDS development, manufacturing, etc.). The team conducted 40 case study interviews regarding potential emerging practices supporting each of the issue briefs and reviewed strategies of some of [EDA's Build Back Better Regional Challenge](#) (BBBRC) awardees to identify examples of collaboration in manufacturing strategies. Many leaders among the BBBRC finalist groups provided what they believe to be best practices in forming consortia and in how applications could benefit from other state and regional planning efforts.

Case studies on alignment were also informed by conversations between state and EDD leaders during the Policy Academy on State-Regional Alignment, a component of this project designed to provide the technical assistance needed by six teams of state and EDD officials to better align strategic initiatives. Additional information was obtained from interviews with state and EDD leaders as part of an initiative to better

understand how states used EDA's \$1 million Statewide Planning Grants. These interviews and case studies highlight some of the alignment successes present throughout the nation, but strategic alignment between states and EDDs are not limited to these examples.

This introductory issue brief provides background on the importance of alignment and project methodology while also serving to inform efforts aimed at increasing alignment, collaboration, and co-investment between states and local EDDs. The following sections highlight key lessons in economic development integration and alignment, provide recommendations, and describe examples of how states and EDDs have improved alignment and coordination.

## **KEY LESSONS IN STATE-EDD ALIGNMENT**

As dynamic organizations, EDDs seek solutions to a litany of regional economic development issues and challenges. To succeed, they form partnerships with localities, state agencies and statewide EDD associations and many other organizations to develop creative solutions and address funding issues. Due to their regional focus and role as coordinators, EDDs are well-positioned to provide in-depth knowledge and insights about their communities' needs to their state partners. Furthermore, to maintain its relationships with its network, EDDs must not only communicate their value to their partners, but also deliver on their promise.

State economic development agencies often do not have the in-depth knowledge and insights to the extent EDDs do about specific regions and communities, but they possess the resources, funding, and connections to federal and international contacts that are critical to regional success. As such, the scale of the resources that state economic development agencies can deploy in communities is one of their most important assets.

By strategically aligning their activities in different areas of economic development, both EDDs and their state partners stand to gain from each other's strengths. This alignment and collaboration enable states to be well-informed about their communities and regions so that they can effectively plan and implement their statewide strategies. At the same time, EDDs are more likely to receive the state resources and support they need to address region- and community-specific challenges.

Each of the eight subsequent issue briefs cover topics that are important to regional and national economic success. The figure below illustrates the lessons and opportunities for EDD-state alignment across all economic development topics.



## SUMMARY OF LESSONS AND PRACTICES IN EDD-STATE ALIGNMENT

### CEDS DEVELOPMENT



**Lesson 2.1 - EDDs: Seek out the perspectives and resources of state economic development agencies early in the CEDS development process.** States often have significant resources, capabilities, expertise, and connections that can serve as valuable assets to the development of an EDD’s CEDS. Rather than take a “go-it-alone” approach, EDDs have discovered that leveraging their state partners’ technical resources and higher-level perspectives can help them better understand their region’s opportunities and challenges.

**Lesson 2.2 - States: Partner with EDDs to collect data, engage stakeholders, and ensure that regional perspectives are integrated into statewide strategic planning.** Whether it is through existing regional plans or by virtue of their local knowledge and connections, EDDs provide state economic developers with a valuable regional perspective that can greatly aid the development of a Statewide CEDS. The regional perspectives can also benefit state activities and ultimately program success.

**Lesson 2.3 - States and EDDs: Use the CEDS implementation process as a vehicle to align strategic priorities.** Once a CEDS is developed, states and EDDs are well-positioned to help implement each other’s plans. States can, for example, work with EDDs to design regional projects that align with statewide plans. Conversely, EDDs can use their regional plans to shape state-led projects in a way that aligns with regional priorities.

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### ORGANIZATIONAL STRUCTURES



**Lesson 3.1 - EDDs: Enhance capacity and coordination through a statewide EDD association.** EDDs that come together to create state-level associations have found marked success in strengthening and institutionalizing relationships with their state partners. By building their organizational capacity and creating a unified voice, EDDs in some states have come to play a key role in their states' economic development.

**Lesson 3.2 - EDDs: Demonstrate value through impact reporting and sustained engagement.** The need for EDDs to maintain engagement and demonstrate their value to states is an important but often overlooked aspect of the state-EDD relationship. Many state associations and individual EDDs have developed innovative ways to demonstrate their impact by publishing annual impact reports and presenting those results to key stakeholders. These reports are a valuable way to document, highlight, and increase the visibility of EDD work to stakeholders including states economic development agencies.

**Lesson 3.3 - States: Bring the full power of state government to support regional economic development.** State agencies represent the Governor's priorities and millions of dollars in resources allocated by the legislature for economic growth and development. These state tax dollars can have significant impact on where the private sector chooses to invest and how rapidly those investment choices can result in economic benefits.

**Lesson 3.4 - States: Leverage rural and regional development as a venue for collaboration.** States which have placed an explicit focus on rural and/or place-based development have found opportunities to build close working relationships with their EDDs. Leveraging EDDs' in-depth community knowledge and the regional lens through which they inform and assist their communities, some states have greatly benefited from EDD assistance in allocating and administering state programs.

**Lesson 3.5 - States and EDDs: Institutionalize collaborative practices to move beyond personal ties.** Sometimes collaborative practices rest solely on personal ties or relationships between staff at EDDs and state economic development agencies. The question of how to embed collaborative relationships into the "institutional DNA" of state agencies and EDDs – whether through formal policies that bind them together or through more informal means – should be top of mind for EDD and state agency leadership.

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### BUSINESS DEVELOPMENT



**Lesson 4.1 - EDDs: Serve as conveners and educators in business development activities.** As sources of local knowledge and representatives of their region, EDDs are well-suited to interface with outside stakeholders to promote their regions' business environment. In this convener role, EDDs can benefit from state support to enhance marketing and outreach activities and to broaden engagement with regional stakeholders.

**Lesson 4.2 - States: Partner with EDDs to deliver business development services that are more locally oriented.** It can be challenging for state staff to provide services from a state agency delivery model. States tend to bring a sectoral approach to their efforts that focus on larger projects with statewide impacts. This approach can miss the needs of smaller businesses that may need more direct technical assistance to be successful. Partnering with EDDs can provide local service delivery where the business is familiar with the staff and regional organization.

**Lesson 4.3 - States and EDDs: Collaboratively map assets and limitations to create achievable, implementable goals.** States and EDDs can work best together when they understand what each can bring to the table. Mapping a state or region's assets and conducting a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis are helpful tools to identify the respective value propositions of states and EDDs.

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### INTERNATIONAL ENGAGEMENT



**Lesson 5.1 - EDDs: Develop a trade and marketing strategy that leverages state resources and incentives.** To be successful, EDDs must be proactive and develop a regional marketing plan to boost international engagement. Working with the state trade offices, EDDs can coordinate marketing activities that align with state priorities and regional economic goals.

**Lesson 5.2 - States: Partner with EDDs to enhance strategic planning and business-centered outreach.** Like business development activities, partnering with EDDs can provide local intelligence to the state. EDDs are often more aware of which businesses, particularly small and medium-sized firms, drive international engagement activities like exporting or foreign direct investment. Additionally, many EDDs have greater awareness of which smaller businesses in their regions are interested in implementing an international engagement strategy.

**Lesson 5.3 - States and EDDs: Identify assets and key sectors to attract international interest, market suitable sites, and leverage private and community partners to grow a global ecosystem.** EDDs help leaders understand how regional assets and sectors can add value to international partners. State economic developers can contribute by identifying statewide assets that make a region more attractive to prospective investors, such as suitable sites. Once identified, collaborating across key clusters in partnership with private and community partners can lead to big wins for both region and state.



## SUMMARY OF LESSONS AND PRACTICES IN EDD-STATE ALIGNMENT

### MANUFACTURING



**Lesson 6.1 - States and EDDs: Form coalitions to support alignment of manufacturing goals and strategies.** The recent pandemic highlighted the importance of supply chains and how improvement is critical to national economic security. Building state and regional coalitions to compete for new federal initiatives focused on manufacturing can help regional leaders increase their interactions, build greater trust among public and private partners, and improve alignment of various consortia, state, and EDD manufacturing strategies. Many coalitions originally formed to pursue an external funding opportunity evolved into permanent collaborative networks to work toward longer-term objectives in the manufacturing sector.

**Lesson 6.2 - States and EDDs: Recognize the intrinsic value of project-based collaboration.** Even when regions and states are unsuccessful in a business attraction effort or program/grant competition, the new and enhanced relationships among organizations can fuel improved manufacturing strategies through alignment and collaboration. This is because the process of forming coalitions and teams to compete for a project is valuable in itself. By situating disparate stakeholders in a team environment where all parties work toward a specific and well-defined goal, stakeholders gradually build the “collaborative infrastructure” that is critical to alignment.

**Lesson 6.3 - States and EDDs: Create long-term manufacturing strategies to get ahead of emerging technologies and trends - and potential awards.** Aligning and strengthening regional manufacturing and related ecosystems is imperative for all regions as new technologies and skills requirements affect regions’ manufacturing productivity and competitiveness. Regions with deep roots in manufacturing should recognize the need for adopting and executing strategies aimed at investing in innovative technologies, preparing needed technical talent, and attracting or developing local suppliers and customers to grow product market opportunities.

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### INFRASTRUCTURE



**Lesson 7.1 - States and EDDs: Center collaboration efforts around project planning, funding, and implementation.** Every organization has unique talent and skills which can complement those of another organization. Between states and their EDDs, opportunities exist to combine local knowledge and expertise of EDDs with the resources and funding at states' disposal. Realizing these synergies can help build relationships and increase the chances of success.

**Lesson 7.2 - EDDs: Serve as champions and administrators of local infrastructure projects.** EDDs can champion and/or administer important regional infrastructure projects and, in the process, catalyze investment from state agencies like the Department of Transportation.

**Lesson 7.3 - States and EDDs: Recognize and set expectations for the long-term nature of infrastructure development.** Due to project costs, there are few "quick fixes" that will address all infrastructure needs. As a result, states and EDDs should start today on developing the relationships necessary to create the consensus around a long-term plan to meet state and regional needs. Furthermore, because some projects have high investment costs and long horizons, it can be difficult to get policy makers to immediately support the initiative. Be prepared for delays and invest in persistence to communicate state and regional needs.

## SUMMARY OF LESSONS AND PRACTICES IN EDD-STATE ALIGNMENT

### WORKFORCE DEVELOPMENT



**Lesson 8.1 - States and EDDs: Leverage successful training programs and models to convene stakeholders around strategic discussions on workforce development.** Both states and EDDs can leverage successful workforce programs as a starting point to catalyze broader discussions about aligning workforce development activities. Understanding why a workforce program succeeds can present a “north star” toward which stakeholders at the local, regional, and state levels can direct their collaborative activities. In this context, states and EDDs can demonstrate strong leadership to organize diverse stakeholder networks of local workforce investment boards, educational institutions, and employers, among others.

**Lesson 8.2 - EDDs: Leverage partnerships to expand the scope and reach of workforce development efforts.** Workforce-related challenges cannot be tackled by a single institution or organization. Connecting with all partners expands internal capacity for programming and offers important perspectives on the holistic challenges and opportunities that are present in a particular area. While aligning workforce strategies is important for initial goal setting and coordination, public and private partnerships can translate those plans into concrete actions.

**Lesson 8.3 - EDDs: Work with states to plan for long-term regional workforce needs.** The end goal of regional workforce development is not just to bolster workforce quantity and quality, but also to increase the economic mobility of residents, leading to greater economic outcomes in the community. This long-term perspective is important to properly align talent and career pipelines with the needs of industries and training institutions as economic conditions evolve.

## SUMMARY OF LESSONS AND PRACTICES IN EDD-STATE ALIGNMENT

### DIVERSITY, EQUITY, AND INCLUSION (DEI)



**Lesson 9.1 - States and EDDs: Engage and build trust with underrepresented groups in a way that enables them to participate in regional decision making.** As states and regions work to build a more inclusive economy, the perspectives of those communities being targeted by DEI initiatives often serve as a guide on the implementation of these inclusive initiatives and as a platform for sustained dialogue with policymakers. Both states and EDDs can play a vital role in amplifying the voices of those who encounter systemic inequalities to ensure that they have an opportunity to participate and bring attention to their challenges at the regional and state-wide level. Communities benefiting from DEI programs often need to trust these efforts before they can achieve the intended outcomes. This trust serves as a foundation on which future collaboration between states and EDDs will take place.

**Lesson 9.2 - States and EDDs: Recognize that “equity” comes in different forms, reflecting audience needs and goals.** Achieving an equitable economy looks different across regions and states. To address these differences, EDDs and states can deploy a variety of approaches to reach similar goals. Focusing on a specific population or place such as veterans or rural communities – can help regional and state-wide entities make a clearer case for equity that is meaningful to their own geographic context.

**Lesson 9.3 - States and EDDs: Consider utilizing disaggregated data to target specific populations and places.** Data is a powerful tool that can help determine economic, workforce, and community development policies and priorities. Disaggregating data to a meaningful level of analysis can provide greater insight on which underserved populations or disinvested places may benefit from regional or state-wide DEI efforts. Incorporating this data into regional planning and programming efforts will not only help direct local resources and investments accordingly, but also will provide in-depth context that is useful for streamlining future alignment efforts.

## **ACKNOWLEDGEMENTS**

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## **ABOUT CREC**

CREC is an independent, 501(c)3 not-for-profit organization with a primary public service goal of helping regions compete by conducting research, providing technical assistance, and offering expert advice in the economic development, workforce development, and higher education fields. CREC promotes the importance of data and expert research to help inform evidence-based public policy decision making.



## COLLABORATING ORGANIZATIONS

### SEDE

The SEDE Network is a forum for top State economic development and commerce officials — including secretaries, commissioners, agency CEOs and executive directors — and their deputies to exchange information, learn from one another, and advance the practice and impact of economic development across the nation. Funding for SEDE is provided by The Pew Charitable Trusts.

### NADO RESEARCH FOUNDATION

The NADO Research Foundation (NADO RF) is the non-profit research affiliate of the National Association of Development Organizations. It provides technical assistance, education, research, and training to support and strengthen the national network of regional development organizations (RDOs). Established in 1988, NADO RF examines new and innovative practices in regional economic development and strives to improve the organizational and professional capacity of RDOs and their partners.

### SIDO

The State International Development Organizations, Inc. (SIDO) is the premiere U.S. organization dedicated to supporting state international trade agencies and focuses exclusively on state international trade development. Through a close partnership with The Council of State Governments (CSG), SIDO members contribute specialized expertise, information, and resources to support the overall goal of promoting state international trade programs.

### AMCC

AMCC is a group of regional public and private stakeholders dedicated to building and implementing economic development plans with important manufacturing components. AMCC's mission is to create and strengthen an alliance of communities with regional economic development initiatives underway dedicated to achieving sustainability through economic growth, improved environmental performance, and inclusive well-paid job creation supporting initiatives to create new opportunities and equity within a revitalized American manufacturing base.

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