

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

RELATIONSHIPS FUELING STATE-EDD ALIGNMENT

FEBRUARY 2024

3 OF 9 ISSUE BRIEFS

INTRODUCTION

States and Economic Development Districts (EDDs) can capitalize on each other's organizational and programmatic strengths to enhance the effectiveness of their respective work. In many states, however, doing so requires changing long relationships and roles that have solidified over years or even decades.

Institutional processes and relationships that were formed in the past can become embedded in a state's economic development ecosystem. Even if these dynamics were positive influences and enhanced the state-EDD relationship at one time, if left untended they may stymie progress and limit communication today.

Associations and organizational structures are often solutions to enhancing state-EDD relationships and strategic alignment. From an EDD perspective, a statewide association of EDDs can provide EDDs the access and capacity to meaningfully engage state officials on important statewide issues. These associations serve an important purpose as a conduit for on-going EDD-state communication and as a platform to establish a unified agenda to external stakeholders. Similarly, state offices with an explicit organizational focus on rural and/or regional development – for instance by establishing a state rural development office – often makes it easier for state officials and policymakers to strengthen their collaboration with EDDs.

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 first issue brief provides an overview of all issue briefs along with an explanation of how case studies were identified.

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.

LESSON HIGHLIGHTS

ALIGNING ORGANIZATIONAL RELATIONSHIPS

Alignment Lesson	Case Studies Demonstrating Alignment
<p>Lesson 3.1 - EDDs: Enhance capacity and coordination through a statewide EDD association. EDDs that have created 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 through an association, EDDs can play a larger role in their states' economic development planning and activities.</p>	<p>Minnesota's 10 regional development organizations formed the Minnesota Association of Development Organizations (MADO) to coordinate activities and to increase organizational capacity. Over time, MADO became a forum for both inter-regional and state-region collaboration and a driving force for strategic planning across Greater Minnesota.</p> <p>EDDs in Tennessee and Missouri used their statewide EDD associations to establish a united front, providing clear direction and substantial capabilities to the state's economic development agenda.</p>
<p>Lesson 3.2 - EDDs: Demonstrate value through impact reporting and sustained engagement. The need for EDDs to continuously engage and prove their value to states is an important, but often overlooked, aspect of the state-EDD relationship. To this end, 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.</p>	<p>EDDs in Nebraska and Pennsylvania have made an active effort to communicate the value of their work to policymakers and stakeholders. In Nebraska, this takes the form of a compelling impact report that educates and galvanizes stakeholders. In Pennsylvania, LDDs rely more on lobbying and direct engagement with state legislators to gather support for regional priorities.</p>
<p>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 to 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.</p>	<p>Oklahoma and Pennsylvania intentionally leveraged their EDDs' in-depth knowledge of community needs to direct state funding toward projects with significant local relevance and impact.</p>

LESSON HIGHLIGHTS

ALIGNING ORGANIZATIONAL RELATIONSHIPS

Alignment Lesson	Case Studies Demonstrating Alignment
<p>Lesson 3.4 - States: Leverage rural and regional development as a venue for collaboration. States with an explicit organizational focus on rural and/or place-based development have been more successful in identifying ways to build close working relationships with their EDDs. In allocating and administering state programs, some states have greatly benefited from their EDDs' in-depth community knowledge and the regional lens through which they inform and assist their communities.</p>	<p>States such as Wisconsin, Arizona, and Utah have established dedicated offices and/or staff that focus exclusively on rural development. This approach has created new opportunities for these states to engage with rural EDDs and to align state activities to better support rural development efforts.</p>
<p>Lesson 3.5 - States and EDDs: Institutionalize collaborative practices to move beyond personal ties. Organizational relationships that rely solely on personal ties between staff at EDDs and state economic development agencies will have limited long-term viability. 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, as well as key managers within an organization.</p>	<p>Georgia's Department of Community Affairs contracts with regional development organizations to deliver community development services that are tailored to the needs of each region. By building a strong contractual relationship between the state and its regions, Georgia has been able to institutionalize and formalize collaboration with regions that extends beyond personal ties between state and regional staff.</p>

LESSON 3.1 - EDDS

ENHANCE CAPACITY AND COORDINATION THROUGH A STATEWIDE EDD ASSOCIATION.

Just as national organizations like the National Association of Development Organizations (NADO) advocate for the interests of member EDDs and other regional organizations at the federal level, EDDs in some states have come together to create state-level associations to better represent their interests. These statewide associations provide a united voice when engaging with elected representatives and working with their state's executive branch. Many state EDD associations also offer expertise and professional services to federal, state, and local partners to help address priorities.

State EDD associations vary in structure and formality depending on their needs and objectives. For example, Utah's EDDs hold informal monthly meetings between directors to coordinate and stay up to date on respective activities. In Oklahoma, the EDD association has engaged a consultant to proactively lobby the Governor, agencies, and the state legislature on issues of importance to EDDs in the state. As such, state EDD associations (or other state-level EDD collaborations) can help institutionalize long-term relationships with state partners, and the strength of regional organizations is often reflected in the strength of their state association.

In many instances, state EDD associations have contributed to state CEDS efforts, and others have developed CEDS and other statewide resilience documents within the association. Given their experience preparing and maintaining their own CEDS as a requirement for the U.S. Economic Development Administration (EDA), EDDs leverage their statewide association network's institutional knowledge, expertise, and capacity to prepare their Statewide CEDS. With necessary resources and time, these entities can lead a Statewide CEDS/statewide planning effort with the support of key partners, including state agencies. A prime example of this approach is DevelopMN, a Statewide CEDS/statewide plan written by the Minnesota Association of Development Organizations (MADO).

In addition to playing a vital role in statewide strategic planning, state EDD associations can serve as key partners to a state's economic development staff and to its policymakers. Outside of planning activities, these associations often provide "boots on the ground" insight into regional issues and priorities and serve as the point of contact between states and their districts. As the case studies below show, associations can help build the institutional capacity and organizational framework through which states and their districts can align and coordinate their economic development activities.

CASE STUDY

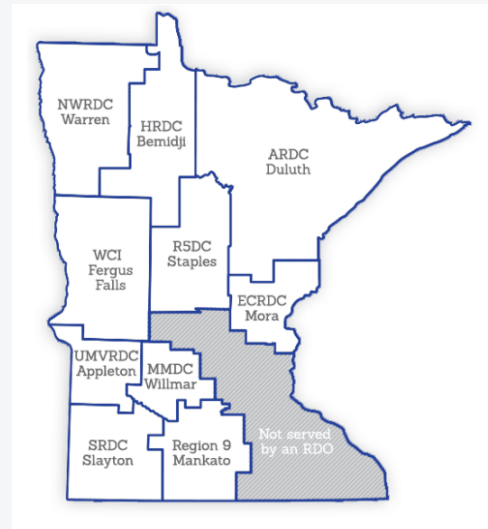
EDDs as a Driving Force for Statewide Strategic Planning

Minnesota Association of Development Organizations (MADO)

MADO is a statewide organization that unites the 10 regional development organizations and EDDs in the state. In 2014, MADO began the development and writing of a statewide plan to improve goal alignment and leverage resources across the EDDs, as well as to synthesize each of the EDD's respective CEDS into a coherent statewide plan called DevelopMN.

The creation of the DevelopMN plan illustrates the complementary roles of EDDs and state agencies. While the Minnesota Department of Employment and Economic Development (DEED) provided funding and technical assistance, MADO's leadership in the plan's development underscores both the association's deep regional knowledge and the level of trust between DEED and MADO. Additionally, the University of Minnesota Extension delivered key information and socioeconomic data that served as the analytical foundation for the plan's goals.

Though MADO coordinated the plan and monitors progress in implementing it, DevelopMN is meant to have many owners, with public, private, and philanthropic partners participating in achieving the plan's outlined goals for Minnesota's economic future.



MADO's 10 EDD Regions

CASE STUDY

State EDD Associations: Building Capacity and Unity Among EDDs

Tennessee Development District Association (TDDA)

Missouri Association of Councils of Government (MACOG)

The Tennessee Development District Association (TDDA) is the state association for the nine Tennessee Development Districts. The TDDA is a forum for collaboration between districts and offers a unified voice when discussing state-level issues. As in other states with active state associations, the TDDA hired an advocate to work with the state legislature on issues that concern the districts. EDDs in Tennessee frequently interact with elected officials, but these EDDs have also pursued ways of engaging more extensively through the TDDA by:



- Hosting monthly meetings with all nine EDD executive directors to help them stay connected and up to date on key issues.
- Conducting an Annual Training Conference, focusing on Tennessee-specific issues and priorities. The event serves as training for District staff statewide and includes a trip to the capital to visit legislative staff and representatives.
- Awarding an annual Legislator of the Year Award to recognize a legislator who has partnered with the Districts to support their work across the state.

EDDs in Missouri utilize their statewide association, the Missouri Association of Councils of Government (MACOG) to maintain formal, long-term communication with the state government. The association serves as a single point of contact between the districts and the legislature, ensuring consistency in relationships among districts. Working through the association as a united front, the districts have provided both clear direction and substantial capabilities to the state's economic development agenda. For example, MACOG has closely collaborated with the state on building disaster resiliency and planning for enhanced broadband infrastructure. Additionally, MACOG also maintains extensive connections to the state's legislature and executive branch.



The Missouri Department of Economic Development has a strong and robust relationship with the EDDs. MACOG has a full-time staff member who frequently engages with state employees and often ensures that they are aware of the EDD activities, goals, and needs. MACOG also frequently coordinates projects between EDDs and the state and are key partners to an ongoing statewide CEDS process. To maintain institutional knowledge in the face of staff turnover, the association focuses on educating new state officials on the work of the districts and their impact.

LESSON 3.2 - EDDS

DEMONSTRATE THEIR VALUE THROUGH IMPACT REPORTING AND SUSTAINED ENGAGEMENT.

The enhanced organizational capacity afforded by a strong state EDD association also makes it easier for EDDs to demonstrate the value they bring to their state partners. The need to demonstrate value is an important but often overlooked aspect of the state-EDD relationship, and even EDDs with strong connections to their state need to continually present their impact to highlight their value proposition. To this end, many state associations and individual EDDs have developed innovative ways to demonstrate their impact and value, including the publication of annual impact reports. These reports are a valuable way to document, highlight, and increase the visibility of their work.

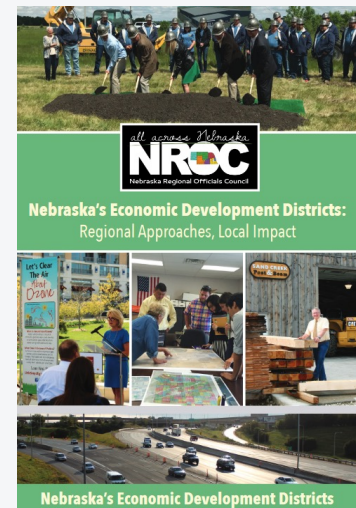
In addition to those statewide associations featured here, many others publish impact reports to underscore their value to their states' economic development efforts. These associations include the South Carolina Councils of Government, the North Carolina Association of Regional Councils of Government, the Vermont Association of Planning & Development Agencies, and the New Mexico Association of Regional Councils.

CASE STUDY

Demonstrating Value through Sustained Engagement and Impact Reporting

Nebraska and Pennsylvania EDDs

In 2019, the Nebraska Regional Officials Council (NROC) published an impact report, [Regional Approaches, Local Impact](#), to highlight the work being done by the eight EDDs in Nebraska. The report includes an overview of EDD responsibilities and initiatives, including helping small cities and towns redevelop their main streets and create downtown revitalization plans, providing capital to locally-owned small businesses, assessing housing needs, conducting environmental assessments, securing funds for local arts and culture programs, and mapping infrastructure assets for local governments. Importantly, the report includes dollar amounts of grant funding managed and distributed, the resulting job creation, the number of first-time homeowners assisted, and the number of lending programs managed. NROC has also developed printed materials to describe the association, the work of the Nebraska EDDs, and the geographies served.



NROC's 2019 Impact Report

In Pennsylvania, the Pennsylvania Local Development Districts (LDDs) employ a lobbyist at the state capitol to maintain a constant, formal relationship with state officials in the executive and legislative branches. Though it represents an additional expense on already-lean district budgets, the LDDs found that having a consistent presence in state government helps them cultivate mutual respect and visibility. The LDDs also publish an Annual Impact Report to demonstrate their value and a collective voice. The [2020-2021 report](#) highlights grant funding received and funds leveraged, local business financing, government contracting, coordination of the Regional Export Network, and transportation planning services. The LDDs and their state organization give these documents to legislators and have found them impactful and important for maintaining their relationships.

LESSON 3.3 - STATES

BRING THE FULL POWER OF STATE GOVERNMENT TO SUPPORT REGIONAL ECONOMIC DEVELOPMENT.

The challenge of allocating state resources to communities that need them the most opens another avenue for state-EDD collaboration. Oklahoma, for example, offers much-needed state funding that complements EDD's in-depth knowledge of their communities' needs to advance projects that create a lasting impact. Likewise, the high degree of trust between Pennsylvania and its EDDs led to each EDD administering a portion of the state's regional development funds, thereby ensuring that these funds are directed toward activities that create the greatest impact for each EDD's communities.

CASE STUDY

Partnering with EDDs to Allocate State Development Funds

Oklahoma's Rural Economic Action Plan and Pennsylvania's Partnerships for Regional Economic Performance Program

Oklahoma's Rural Economic Action Plan ([REAP program](#)) began in the 1990s and provides funding for communities with under 7,000 residents. The funding is distributed through the 11 COGs in Oklahoma. Importantly, REAP grants require no match and may fund projects such as road and street construction or repair, drainage projects, rural highway improvements, county bridge construction or repair, and industrial access road construction or repair, among other specific transportation projects. The program demonstrates that smaller projects benefit small communities and that they often struggle to make the typically required financial match. In 2022, the state allocated \$30 million to the REAP program.

Local Development Districts (LDDs) in Pennsylvania generally have a strong relationship with the Pennsylvania Department of Community & Economic Development (DCED) and have partnered to deliver DCED programs throughout the state. [The Partnerships for Regional Economic Performance](#) (PREP program) began in 2009 and the LDDs administer the program in their respective regions. In addition, LDDs also distribute County EDC and other state funding. This partnership is an effective way for the state to get funding and programs out the door, resulting in the need for fewer contracts and quicker delivery of funds. Long-term and consistent engagement helped the districts build a reputation with the state government that LDDs are strong allies who can be trusted to competently administer projects and have the capacity to execute projects.

LESSON 3.4 - STATES

LEVERAGE RURAL AND REGIONAL DEVELOPMENT AS A VENUE FOR COLLABORATION.

Many EDDs speak highly of state rural offices or of states featuring significant rural programming. While it was relatively uncommon to hear about states making significant investments in economic development programs that exclusively target rural communities, states that do this received praise from EDDs for making it easier to collaborate and find common ground on project priorities.

CASE STUDY

Rural Development Initiatives Can Strengthen State-EDD Collaboration

Wisconsin, Arizona, and Utah's Rural Development Efforts

Wisconsin has created an Office of Rural Prosperity that has helped to bring state economic development goals in line with each region's CEDS. Similarly, Arizona's state economic development agency recently added a staff member with an exclusive portfolio of rural assistance, and the Northern Arizona Council of Governments (NACOG) was able to leverage its relationship with that staff member to improve ties with the state. Many EDDs spoke of the importance of relationships with state career civil servants and the importance of these potentially decades-long relationships in institutionalizing state-EDD collaboration.

In Utah, the governor's office includes a senior advisor for rural affairs. Using EDA's ARPA-funded statewide planning grant, the state initiated a statewide Economic Development Strategy/Action plan, which includes a framework to guide input and collaboration with the EDDs. The state legislature also voted to fund a full-time staff person at every EDD in Utah to support capacity building. Additionally, [Utah's Rural County Grant](#) program provides funds to every rural county in the state, and rural EDDs are eligible to apply for additional competitive funding in the future.

LESSON 3.5 - STATES AND EDDS

INSTITUTIONALIZE COLLABORATIVE PRACTICES TO MOVE BEYOND PERSONAL TIES.

Many EDDs and state economic development agencies are led by well-connected executive directors who have built close personal ties with state economic development leaders through projects, networks, and shared priorities. These relationships are critical to EDDs, which often rely on relationships when securing state funding, establishing a position as a preferred partner, and collaborating on large projects. However, these relationships cannot be the only basis or foundation of a long-term EDD-state partnership. To succeed over the long term, EDDs and states must formalize their relationships in a way that creates institutional ties. Successful EDDs report that enduring organizational partnerships result from four key strategies: active self-promotion, a unified approach, an emphasis on communication, and demonstrating value through project delivery.

Additionally, as shown in the case study below, states and EDDs that contract with each other can use their contractual obligations to embed collaboration into their institutional processes.

CASE STUDY

Contracting Statewide Economic Development Planning to EDDs

Georgia's Department of Community Affairs

Georgia's 12 Regional Commissions (acting as EDDs) provide regional technical assistance to support local governments as well as develop, promote, and assist in establishing coordinated and comprehensive planning in the state. The Georgia Department of Community Affairs (DCA) contracts with the Regional Commissions to foster effective local and regional planning and to facilitate the implementation of those plans. Regional Commissions may also undertake contracts to administer state and federal programs as needed.¹

As part of those contracts, DCA evaluates the performance of regional commissions through a scorecard that provides reports on state-funded operations. The Regional Commission Scorecard is intended to promote accountability and transparency by allowing each regional commission to assess its performance relative to its peers across financial, customer, learning and growth, and internal business process perspectives.

These contracts play a crucial role in institutionalizing DCA's engagement with Georgia's regional commissions. DCA's long-established tradition of contracting with regional commissions enabled state-regional collaboration to move beyond personal ties and creates a formal relationship that demonstrates how the regional commissions can benefit the state in implementing rural development priorities.

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1. Georgia Department of Community Affairs: <https://www.dca.ga.gov/local-government-assistance/planning/regional-planning/regional-commissions>