How States Can Support Shared Prosperity by Promoting

Human Capital Development

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This is one of three briefs in the State Policies to Promote Shared Prosperity in Cities series created by the Shared Prosperity Partnership. For additional insights, read the *series framing paper* and two other briefs, *How States Can Support Shared Prosperity by Promoting Quality Jobs* and *How States Can Support Shared Prosperity by Promoting Affordable Rental Housing*.

The Shared Prosperity Partnership—a collaboration of The Kresge Foundation, the Brookings Metropolitan Policy Program, the Urban Institute, and Living Cities—convenes local leaders in select communities across the United States to discuss challenges to inclusive growth and provide data, research, and access to national experts, networks, and financial resources. Nationally, the Partnership elevates promising models through publications and public forums to spark dialogue among practitioners and support evidence-based policy at the state and national levels. The Center for Urban Innovation at the Aspen Institute supports the partnership by connecting leaders from different cities to share common challenges and work together to identify specific actions to advance sustainable prosperity in their communities. Since the partnership's formation in 2018, it has supported locally driven efforts in eight U.S. cities: Arlington, VA; Chicago, IL; Cleveland, OH; Fresno, CA; Kansas City, MO; Milwaukee, WI; Minneapolis-St. Paul, MN; and Memphis, TN.

New technologies, economic shifts, changing demographics and continued racial biases are widening income inequalities and racial disparities in cities across the United States. As a result, economic opportunities are increasingly concentrated among a small share of the population and in a limited number of places (Berube et al. 2018). To combat increased economic and geographic inequality within cities, local leaders are launching new efforts to enable women, people of color and other underrepresented groups to contribute to and benefit from economic growth (Poethig et al. 2018). But local leaders cannot address these issues on their own. In an era of federal withdrawal from investments in communities and the social safety net, state and local leaders must work together to advance shared prosperity. In this series of briefs, we articulate why the issues of affordable housing, job growth and upskilling workers matter to statewide shared prosperity. In addition, we explore how state and local governments can forge more effective partnerships, and we profile states that are leading the way.

In this brief, we discuss how state and local governments can more effectively partner to address the development of human capital in cities – helping individuals obtain the skills they need to succeed in the new economy. We outline why this issue matters to statewide shared prosperity, how responsibilities are shared by different actors, proven and promising state strategies and solutions, how leaders in one state are innovating, and the unique role for states in this area.

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Why Human Capital Development Matters to Statewide Shared Prosperity

Access to jobs by which Americans can support themselves and their families is a cornerstone of prosperity in any community. Yet today, many Americans face serious challenges in the search for stable employment. The forces of globalization and technological change have transformed the U.S. economy, reshaping the growth trajectories of industries and occupations and dramatically changing the skills needed to secure decent paying jobs.

This economic change has disrupted the conditions that underpinned prosperity in America’s cities for much of the last century. The loss of jobs in manufacturing and other sectors that were pathways to the middle class has profoundly affected the prospects of residents of cities in every region of the country. Workers were not only displaced when their jobs vanished, but were also left struggling to find any job that was comparable in quality and pay.

To stay employed, and employable, in an economy experiencing such dramatic shifts, workers need to adapt by continually learning new skills, and potentially acquiring new credentials. Employers, meanwhile, can do more to help prepare their workers for success in the modern economy. Yet the education and workforce systems upon which we rely to prepare Americans for work were not designed for today’s era of rapid change that requires frequent retraining, sometimes even within a single industry.

In order to help their residents adapt quickly to changing skills requirements, while also helping those who have struggled to gain a foothold in traditional skills development, state leaders can build and support a system of lifelong learning — a continuum of education, training, work experience and supportive services that includes multiple pathways, and multiple entry points, to jobs and careers (Spaulding et al. 2019).

Postsecondary education will remain an important pathway for many, and for good reason. It offers a clear long-term economic dividend for those who pursue it. Research shows that workers with bachelor’s degrees can expect to earn $1 million more in their lifetimes than workers with only high school diplomas, and $800,000 more than workers who attended college but did not graduate (Carnevale, Rose, and Cheah 2011).

Nevertheless, many students face multiple barriers to completing college studies and earning degrees. These include the high cost of education, a lack of preparedness for the rigors of college coursework, and difficulty managing the major life transition from high school to college. Rising costs have led many students to shoulder massive amounts of debt and have dissuaded others from pursuing academic credentials altogether. In-state tuition and fees at four-year public universities have risen by 53 percent in the typical state between 2004 and 2018 and have more than doubled in states like Colorado, Arizona and Louisiana.[1] Students graduating with a bachelor's degree in 2016 carried an average of $30,000 in debt, with parents increasingly taking on debt as their children hit federal loan limits.[2] And while 70 percent of college students hold full- or part-time jobs, most students' jobs do not pay nearly enough to cover the costs of tuition, along with additional costs of living like childcare (Carnevale and Smith 2018). Moreover, holding a job can make it more difficult for a student to earn good grades or graduate on time. The fact that "working learners" with low incomes tend to be disproportionately older, female and students of color further exacerbates disparities in educational outcomes and wages. So does the reality that the postsecondary system these students enter remains highly stratified by race, with white students overrepresented at the most selective institutions and non-white students overrepresented at open access institutions (Carnevale and Strohl 2013).

An effective system of lifelong learning will depend as much on workforce training as on education. Historically, however, public sector investment in workforce training has significantly lagged in primary/secondary (K-12) education, especially as compared to other industrialized nations (OECD 2016). Moreover, a long-awaited evaluation of the impact of federal investments under the Workforce Investment Act (WIA) released last year showed positive impacts from career counseling ("intensive services"), but WIA-funded training did not have positive impacts (Fortson et al. 2017). This reflects a fragmented, decentralized approach to workforce policy that is not well-aligned to keep up with the continuously rapid pace of technological change. The evaluation highlights that states could improve results by enabling more cross-agency data sharing and collaboration, encouraging more employer organization at the sector level to articulate their shared skill needs, providing technical assistance and layoff aversion services to employers to minimize job loss, and incentivizing employers to invest more in training their existing workforce.

As the forces of changing technology and globalization continue to reshape states' economies, the need for workers with new skills and credentials will continue to grow. States can use their substantial resources – roughly $400 billion annually in expenditures on human capital development – to eliminate barriers and create systems that make it easier for workers to prepare themselves for in-demand work in growing economic sectors. The good news is they have partners in cities who hope to achieve those same goals.

"STATES CAN USE THEIR SUBSTANTIAL RESOURCES... TO ELIMINATE BARRIERS AND CREATE SYSTEMS THAT MAKE IT EASIER FOR WORKERS TO PREPARE THEMSELVES FOR IN-DEMAND WORK IN GROWING ECONOMIC SECTORS."

How the Responsibilities of Human Capital Development are Shared Between State, Local and Private Sector Leaders

Due to the nature of shared and overlapping funding and delivery systems, creating the structures and environments in which workers can readily obtain the skills they need is a responsibility shared by federal, state, local and private sector leaders. In federal and state governments, skills-development responsibilities are typically divided between the education and workforce development systems, each of which have different governance models and funding structures, as discussed below.

Higher education funding

Both states and the federal government have traditionally been the largest funders of higher education, a critical component of the systems that prepare Americans for work. According to the Pew Charitable Trusts, states spent a total of $72.7 billion on higher education in 2013.[3] Approximately 70 percent of their expenditures supported the general operations of institutions of higher education, while 15 percent supported research, and 13 percent was devoted to financial aid. The federal government spent roughly the same amount as states on higher education ($75.6 billion), with 41 percent devoted to financial aid in the form of Pell Grants, 33 percent devoted to research and 16 percent devoted to veterans' educational benefits. Local governments, meanwhile, contributed approximately $9.2 billion, nearly all of which funded the operations of community colleges.

Community colleges play a unique role in the workforce training system because they are substantial providers of career-relevant technical training and offer some of the most accessible opportunities for continuous learning and the earning of additional credentials at the various stages of an individual's career. As with other higher education institutions, community colleges rely on state funding, though the extent of this reliance varies by state. In general, community colleges are funded by a combination of both funding from state and local resources and revenue paid by students in the form of tuition. As the Urban Institute highlights, in approximately half of states, the state contributes all, or nearly all, of the state-local component of community college budgets (Baime and Baum 2016). States in this category include California, Massachusetts, Florida, Georgia, Minnesota and Tennessee. In other states, such as Arizona, Wisconsin, Oregon and Michigan, the local contribution is much larger than that of the state. In the years since the Great Recession, local contributions have been increasing in many states as state support for community colleges has declined.

Funding for elementary and secondary education

The vast majority of K-12 funding in the United States is provided by state and local governments, which collectively spent $625 billion on elementary and secondary schools in 2016.[4] Funding for K-12 in 2014-2015 split roughly equally between state ($306 billion) and local ($294 billion) sources. The federal government also makes substantial investments in elementary and secondary education but contributes less than 10 percent of the overall funding. Federal support is largely directed toward helping students in poverty (through Title I) and students with disabilities (through IDEA), and supporting career and technical education.

Workforce development funding

The funding structure for workforce development activities is extremely complex. According to a 2019 Government Accountability Office report, federal funding for job training activities is delivered through 43 distinct programs administered by at least nine federal agencies, with about half of funding provided by the Department of Labor.[5] The workforce systems these programs fund mirror that complexity, especially at the local level, and include multiple players from: government, employers and industry, training providers, K-12 and higher education institutions, and service and advocacy organizations (Eyster et al. 2016).

The most significant source of federal workforce funding is the roughly $10.5 billion provided to states each year under the Workforce Innovation and Opportunity (WIOA) Act of 2014.[6] While this amount has varied over subsequent years, the fact remains that the biggest federal investment in local workforce programs flows through the states.

Whatever the level of federal investment, a number of states also make substantial investments of their own. An Urban Institute report highlights that in 2017 Massachusetts invested $56 million (far exceeding the federal investment in the state under WIOA

Title I), while Washington invested $59 million, and Texas invested $49 million (Mikelson and Hecker 2018). States disburse these federal and state funds to local workforce development boards, who operate workforce training programs themselves and support local providers. In addition to federal and state funding, local workforce development boards often raise additional funding from philanthropic sources and city and county governments.

The private sector also plays a crucial role in helping workers obtain skills. As required by WIOA, business leaders sit on state and local workforce development boards so that they can provide insight into which skills are most needed by employers (Hanks and Madland 2018). Business leaders are also deeply involved in many regional and state efforts to develop training programs and to help ensure technical colleges, trainers, workforce development organizations, and employers share the same information and a common set of data (Donahue, Parilla, and McDearman 2018). The private sector also invests directly in employee training. Several estimates find that businesses spent between $180 and $200 billion on formal training and $27 billion on apprenticeships in 2017, in addition to a much higher amount on informal "learn by doing" training.[7]

State Strategies and Solutions to Address Existing Obstacles to Human Capital Development

Even without a wholesale overhaul of their education and workforce systems, state policymakers can take a number of steps to make these systems more effective and to improve the outcomes for the people they serve. Researchers have rigorously evaluated various interventions and judged them effective at improving outcomes for students and workers, particularly those from economically disadvantaged backgrounds or traditionally marginalized communities. Other interventions have not been formally evaluated, but benefit from strong logic models and show promising early results.

State Strategies and Solutions to Address Existing Obstacles to Human Capital Development	
Organize state economic development strategy around the development and deployment of talent	Create and grow public-private "sector partnerships" focused on regionally significant industries
Incentivize private sector training by establishing a state worker training tax credit	Expand funding and programmatic support for apprenticeships
Provide statewide "promise" scholarships to students with low incomes	Expand and promote early college high schools, middle colleges and dual enrollment programs
Expand wrap-around services for first-generation college students and college students with low incomes	Promote cross-jurisdictional data sharing and integration to enable broader policy alignment

Strategy: Organize state economic development strategy around the development and deployment of talent

- **THE CHALLENGE:** The conventional focus of state economic development strategies on business attraction and marketing has failed to provide benefits to enough Americans and has exacerbated inequality.
- **HOW STATES CAN RESPOND:** As part of a broader recalibration of state economic development strategy, states should invest more in job training and orient their incentives and services to talent development. Lauren Eyster and Amanda Briggs of the Urban Institute have highlighted strategies to promote closer coordination between workforce and economic development efforts at the state level (Eyster and Briggs 2017), and Joseph Parilla and Sifan Liu of Brookings recently published a compelling argument that a talent-driven economic development strategy is more effective at meeting business growth and quality job creation goals than conventional strategies (Parilla and Liu 2019). To create such a strategy, they recommend the following: realigning state economic development investments to support proven training solutions; targeting incentives to promote practices that help build local talent pipelines; developing new hiring tools that facilitate more efficient and equitable hiring practices; testing new financing vehicles that allow individuals training for high-demand jobs to repay training costs over time with a portion of their salaries; and experimenting with new regional intermediaries that connect middle schools, high schools, community colleges and other higher education institutions, along with in-demand skills providers, with businesses in key growth sectors.
- **INNOVATIVE EXAMPLES FROM STATES:** A number of states and local jurisdictions are implementing key elements of such a talent-driven strategy. Skillful, with full state programs in Colorado and Indiana, is modernizing the way the states and their partners educate, hire and train the workforce, with a focus on helping people without college degrees.[8] An initiative of the Markle Foundation, Skillful trains career coaches and has established a community of practice to help people recognize the skills they have, the training they may need and the opportunities within their reach. It also trains employers to help them hire for the skills they actually need rather than requiring certain credentials or levels of experience as a proxy. Career coaches trained by Skillful Colorado or participating in its community of practice – often as employees of state and local public-sector entities like workforce boards and community colleges – serve approximately 20,000 job seekers each month, and the program has trained 800 businesses on skills-based hiring (Parilla and Liu 2019).

Strategy: Create and grow public-private "sector partnerships" focused on regionally significant industries

- **THE CHALLENGE:** Workforce training programs are not always closely aligned to the needs of local employers.
- **HOW STATES CAN RESPOND:** To promote closer alignment between the training provided in the workforce system and the skills required by employers, state leaders can expand their support for partnerships between training providers and employers in critical sectors. State governments can provide funding to launch the partnerships, along with providing research support and other assistance. State support is often conditional on specific outcomes, such as the training and placement of a minimum number of workers in jobs.
- **INNOVATIVE EXAMPLES FROM STATES:** As of 2017, at least 32 states have supported sector partnerships, according to the National Skills Coalition (Wilson 2017). However, many of these efforts are small in scale without substantial funding or widespread implementation. At the other end of the spectrum, Rhode Island's Real Jobs Rhode Island represents a comprehensive, $12 million effort to redesign the state's workforce development strategy around more than 40 sector partnerships (see case

study below).[9] *EARN Maryland*, launched in 2014, places businesses and workforce intermediaries at the center of the identification of workforce needs, the development of curricula, the design of trainings and the placement of successful participants.[10] Through its work with nonprofits and community-based organizations, Maryland's program reduces barriers for underserved populations to receive training and gain employment. Under the program, the state funds 59 industry partnerships, serving more than 4,500 unemployed and underemployed trainees, 7,500 incumbent workers and 1,000 employers.[11] For the core of the program, the state allows potential partnerships from any sector to compete for funding by making a compelling case describing the need, proposed solutions and anticipated outcomes. In doubling the size of the program starting in FY2018, the state of Maryland also included new funding for partnerships focused specifically on addressing workforce needs in cybersecurity and green industries, which are statewide priorities.

Strategy: Incentivize private sector training by establishing a state worker training tax credit

- **THE CHALLENGE:** Public investment in general worker training is often inadequate, especially to meet the specialized needs of many employers.
- **HOW STATES CAN RESPOND:** To encourage businesses to invest more in the skills of their employees, state leaders can establish a state worker training tax credit. Similar to existing research and development tax credits, these credits create an incentive to invest in training by reimbursing businesses for training expenses above a baseline amount.[12]
- **INNOVATIVE EXAMPLES FROM STATES:** Connecticut, Georgia, Kentucky, Mississippi, Rhode Island and Virginia have enacted some version of a worker training tax credit, according to the Aspen Institute (Fitzpayne and Pollack 2017). As cited by Aspen, one 2013 study by Connecticut's Department of Economic and Community Development found that the credit improves productivity among participating businesses. Using a slightly different model, the state of Michigan uses state tax revenues to fund training for new employees through its *New Jobs Training Program* (NJTP).[13] Established in 2008 and designed as an economic development tool, NJTP supports community colleges to provide training for employers that are creating new jobs in Michigan. Employers pay for the training by transmitting back to the college a portion of the state income tax they withhold from the wages of the new employees. The program functions as an incentive to attract businesses to locate or expand in the state by providing flexible funding for new employee training. As of September 2018, NJTP had served nearly 200 employers and supported 22,000 new jobs since its creation 10 years earlier.

Strategy: Expand funding and programmatic support for apprenticeships

- **THE CHALLENGES:** The cost of obtaining specialized, in-demand skills is too high for many workers and limits the pool of potential talent to those who can afford it. Apprenticeships represent an important vehicle for providing market relevant or on-the-job training, but they aren't always accessible to those who could benefit most from them. A study by the Center for American Progress found that women made up fewer than 7 percent of participants in federally funded apprenticeships in 2013, and that wages for apprentices of color were significantly lower than for white apprentices (Hanks, McGrew, and Zessoules 2018).
- **HOW STATES CAN RESPOND:** To help young adults develop industry relevant skills and at lower cost, states can invest in developing and expanding apprenticeship programs that provide young people with on-the-job learning experiences. High quality apprenticeships offer students the opportunity to earn income while they are learning, thus avoiding the accumulation of student debt, and provide employers with a highly-skilled workforce that is specialized to their needs. To serve a broader set of young people,

many states are investing in work-based learning programs that include apprenticeships or similar working and learning activities for high school students. A 2017 survey by the National Skills Coalition showed that only 14 states had policies governing pre-apprenticeships and youth apprenticeships for high school students, and another 11 states had policies governing other high school level work-based learning (Wilson and Mehta 2017). The relative lack of state policy governing these programs has led to disparities in access across school districts, leaving behind many of the students who need the programs most. To help states promote more equitable and sustainable work-based learning programs, the Education Commission of the States has identified the key components of a model state policy that addresses the issues of state and regional coordination, finance, program quality, and graduation credit (Zinth 2018).

- **INNOVATIVE EXAMPLES FROM STATES:** South Carolina's *Apprenticeship Carolina* is a statewide program offered by the state's 16 technical colleges that has served more than 32,000 apprentices in more than 1,000 programs (among them, 220 programs specifically for youth).[14] The program supports apprenticeships in many fields, including areas not generally associated with apprenticeships, including nursing, pharmacy and information technology. To support the program, the state offers a modest $1,000 tax credit to employers for each registered apprentice, but the program also benefits from the expertise of employers who have substantial experience with apprenticeships, including the many German companies operating in the state.[15] Michigan's *MI Apprenticeship*[16] program has helped connect employers to potential apprentices and has sponsored innovative programming, including their *Apprenticeship in a Day*[17] events to help employers launch registered apprenticeship programs. States that have invested significantly in youth apprenticeships include Georgia[18], which enrolls 6,000 students annually, and Wisconsin[19], which enrolls approximately 2,000 students each year.

Strategy: Provide statewide "promise" scholarships to students with low incomes

- **THE CHALLENGE:** Even with federal Pell Grants and other financial aid, many students cannot afford to attend college.
- **HOW STATES CAN RESPOND:** To lower the cost of higher education and encourage students with low incomes to pursue academic credentials after high school, states can offer "promise" scholarships that cover the cost of tuition and fees at participating institutions to students without regard to any merit considerations. The design of these programs varies, with some states setting eligibility requirements based on family income, residency, full-time coursework, GPA and other criteria. Generally, researchers have found that simpler and more generous "promise" programs with fewer eligibility requirements are more effective at increasing enrollment and graduation rates (Harris et al. 2018). Moreover, states can use college promise programs to help organize local, regional and state institutions and stakeholders around common metrics and shared approaches to promote college enrollment and completion, particularly for traditionally underserved populations.
- **INNOVATIVE EXAMPLES FROM STATES:** At least 16 states currently offer a statewide "promise" program, according to the Century Foundation, as do dozens of localities[20] across the country (Mishory 2018). Tennessee remains a national leader for its *Tennessee Promise*[21] program, which succeeded in increasing the share of Tennessee students enrolling in college (both in-state and out-of-state) by 4 percent following its implementation in 2014[22]. As an argument for using the program to create a broader system of supports, evidence from an analysis of *Knox Achieves* (a predecessor program on which Tennessee Promise was based) suggests that the improvement in student outcomes driven by the program was not based solely on financial assistance. A broader set of supports like college coaching contributed to large college enrollment and credit gains among students with lower incomes who likely derived limited scholarship aid from the program (Carruthers and Fox 2016).

Strategy: Expand and promote early college high schools, middle colleges and dual enrollment programs

- **THE CHALLENGE:** It can be difficult for many students to navigate the transition from high school to college.
- **HOW STATES CAN RESPOND:** To help young people more easily navigate the transition, states are experimenting with a variety of programs that blur the lines between high school and college. Early College High Schools and Middle Colleges eliminate the need for a transition between high school and college by offering a structured pathway for students to earn both a high school diploma and an associate degree with a single program on the same campus.[23] Research by the American Institutes for Research suggests these institutions improve college graduation rates and can help narrow the achievement gap between advantaged and disadvantaged students (Berger et al. 2014). Much more common are dual enrollment programs or programs that offer high school students the opportunity to take college-level courses for credit. These can be offered in a variety of settings, including courses taught by certified instructors on the student's high school campus or access to courses taught on a college campus. Dual enrollment programs are authorized in all 50 states24, and approximately 34 percent of all high school students participate, but participation rates vary greatly by location, race and parental educational attainment level.[25] States can take a series of steps to ensure more equitable access and success in "college-in-high-school" programs for students from traditionally underserved communities (College in High School Alliance and Level Up 2019). By offering the opportunity to earn early credits, states can also help students save on the costs of college by shortening the time to college graduation. Studies suggest that students who participated in dual enrollment programs are more likely to be successful once in college (Fink, Jenkins, and Yanagiura 2017).
- **INNOVATIVE EXAMPLES FROM STATES:** Early College High Schools or Middle Colleges exist in 18 states across the country, including broader networks in California, Michigan and Texas.[26] Building on those models, New York state pioneered *P-TECH*, an innovative public-private model for integrating high school and collegiate coursework along with industry-guided workforce development, in partnership with IBM in 2011.[27] The state now has 41 *P-TECH* schools, and their success has spawned *P-TECH* schools in seven other states (including 22 in Texas and eight in Maryland), each with their own employer partners. *P-TECH* builds on NAF's career academies model of providing work-relevant experiences to high school students, and extends it to an early college structure.[28] On dual enrollment, researchers at Columbia University have found that more than 20 percent of students in Iowa, Indiana and Idaho participate each year, compared with fewer than 5 percent of students in states like California, Georgia, Michigan and Oklahoma.[29] Among former dual enrollment students who started at a community college after high school, 46 percent earned a college credential within five years, a significantly higher percentage than among all community college students. In states such as Minnesota, Missouri and Oregon, students from lower- and higher-income backgrounds completed credentials at similar rates; gaps were much larger in Louisiana, Ohio and Texas (Fink et al. 2017).

Strategy: Expand wrap-around services for first-generation college students and college students with low incomes

- **The challenge:** Many college students, especially those who are first-generation or have low incomes, struggle to graduate and earn degrees or credentials.
- **How states can respond**: To help these students navigate the college experience and stay on track to graduate, state leaders can invest in comprehensive support services such as academic advisers, career counseling, enhanced tutoring, tailored coursework in the first year and subsidized transit passes.

- **Innovative examples from states**: New York's City University of New York launched the Accelerated Study in Associate Programs (ASAP) in 2007, which focused on supporting students in community college.[30] Academic research has found that this intervention doubled graduation rates for the target population, lowered costs per degree, and increased rates of transfer to four-year colleges (Scrivener et al. 2015). The model subsequently expanded to three community colleges in Ohio and succeeded in more than doubling participant graduation rates after two years (Sommo et al. 2018).

Strategy: Promote cross-jurisdictional data sharing and integration to enable broader policy alignment

- **The challenge:** Data about how students and workers are faring is often spread across multiple jurisdictions and agencies, frustrating efforts to evaluate human capital development interventions.
- **How states can respond**: States are important sources of data and information about economic conditions, and because they are larger than the city or region, they can provide local leaders with insights into what is happening in the broader economy around them. Leading states do not merely collect and maintain this data, but also combine it in ways that make it more useful to policymakers at all levels—particularly by linking student-level records across systems. This data integration function is particularly important to the design and implementation of comprehensive skills development strategies because the data related to education, workforce and labor conditions, and economic development are traditionally collected and maintained in separate data systems managed by different state agencies.
- **Innovative examples from states:** Kentucky, Maryland and Washington each have high-quality, formal and transparent cross-agency structures to govern shared data.[31] In addition to data alignment, a number of leading states have established so-called P-20 Councils to align policy and resources. Comprised of education, workforce and economic development stakeholders from the public and private sectors, these councils act as the principal forums in which to create and design clear, navigable pathways for students and adult learners through the various levels of the education and training systems and into opportunities in the workforce. They also represent one of the most effective forums in which to advocate for resources. States with active P-20 Councils include Maryland, Illinois, Hawaii and Delaware.

Case Study: How Leaders in Rhode Island are Successfully Building Systems for Lifelong Learning

As Rhode Island Governor Gina Raimondo came into office in 2015, she recognized the necessity of investing in a critical state asset – its highly skilled workforce. To guide the state's investments, the state Department of Labor and Training launched *Real Jobs Rhode Island* (RJRI) in 2015 as an agency initiative to implement Governor Raimondo's Rhode Island Jobs Plan.[32]

RJRI uses state investment to drive closer alignment between the needs of employers and the skills of Rhode Island's workers. Under the program, the Department funds the creation of cross-sector partnerships among a range of organizations, including trade associations, universities, community colleges, hospitals, nonprofits and government agencies. These partnerships help assess the needs of employers in specific sectors, develop and revise training programs to meet those needs, and actively recruit workers looking to update their skills or find better jobs. Additionally, some partnerships have dedicated career programming for high school and college students.

RJRI is not the first state-led sector partnership program, but it is notable for its scale and level of investment. In July of 2015, RJRI awarded planning grants of up to $25,000 to support the launch of partnerships in 11 distinct sectors. The program has expanded in years since, and today channels $12 million in federal and state funds to support 44 sector partnerships. The initiative draws on funding from numerous sources, including the Rhode Island Job Development Fund, the U.S. Department of Labor National Emergency Grant funds, America's Promise Grant Program, and the governor's Workforce Innovation and Opportunity Act (WIOA) Reserve Fund.

This sizable investment has yielded encouraging results for Rhode Island's economy. RJRI's most recent program report from July 2019 found that 6,251 Rhode Islanders, comprising approximately 1 percent of the state's working-age population, were either placed in new jobs or gained new skills through RJRI programming.[33] These beneficiaries have consistently seen improved outcomes, with 83 percent of participants who completed new hire training programs finding employment upon completion. More than 70 percent of those participants had no postsecondary degree. Additionally, nearly half of those who completed incumbent worker training received a wage increase after training.

The case of RJRI demonstrates the benefits of making sizable state investments in workforce by promoting close collaboration between employers, workforce experts, trainers and other stakeholders in each of the state's critical industries and by demanding that training be relevant and lead to placement in actual jobs. Such investments promote targeted efforts to close skills gaps in areas that matter most to state economies. The results are more relevant training, leading to better access to jobs for workers and more access to talent for employers.

To help build specific pathways into the state's growing sectors for populations that have traditionally faced barriers, the state also launched the supporting program *Real Pathways Rhode Island* in 2017 with an additional $2.9 million annual budget.[34] Under the program, the state supports partnerships among public, private and nonprofit agencies to serve adult learners, disabled individuals, English language learners, the formerly incarcerated, homeless individuals, the long-term unemployed, veterans and at-risk youth. In the first year of the partnership, 1,489 individuals enrolled in supported programs, 49 percent of whom were still in training at the end of the fiscal year.[35] Of the 606 participants who had completed the program, 512 received credentials and 387 obtained jobs. Among the participants served by the program, 64 percent had earned a high school diploma or less (compared to 39 percent for the state as a whole), 40 percent were Hispanic (compared to 14 percent of the state's population), and 17 percent were black (compared to 8 percent of the state's population).

Conclusion: The Role of the State in Promoting Shared Prosperity Through Human Capital Development

States are critical players in creating the conditions in which the residents of our cities can get the skills and credentials they need to succeed economically. States are active in education and workforce development as decision-makers, designers, managers and funders of programs.

This brief outlines a series of strategies for states to invest financially in human capital that would redound to shared prosperity in cities. Beyond their significant financial commitments, states are also in an advantageous position to stimulate information sharing, collaboration and alignment across jurisdictions – valuable efforts as education and labor markets often traverse municipal boundaries. Moreover, states can set explicit goals and steer local resources toward meeting the skill development needs of people of color and those from economically disadvantaged backgrounds that may otherwise go unfulfilled. As these groups become an increasingly larger share of our future workforce, their labor market success will be ever more critical to both state and local prosperity.

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