



# STATES ENABLE, REGIONS THRIVE:

A STATE PLAYBOOK FOR  
GROWING GOOD JOBS IN  
THE NEXT ECONOMY

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## Executive summary

Households across the country are struggling to keep up with rising costs, and many communities remain disconnected from the high-growth industries generating good jobs that pay enough for households to afford the local cost of living. Meanwhile, technological, environmental, and demographic forces are rapidly reshaping the economy, with effects that vary across and within states and the geographic regions that comprise them. In this moment, the challenge is clear for governors and legislators: **Modernize economic development systems to create the enabling conditions needed so that these forces grow good jobs and expand economic mobility, rather than deepen divides.**

Accomplishing this mission requires more than a new program or policy—it will require a structural shift in how states manage their economies. To operationalize that shift, this playbook presents five structural “plays” to modernize state economic development. It includes priority steps for new leaders and detailed case studies for implementers, all informed by insights from hundreds of regional and state economic development leaders across

over a dozen states. That fieldwork reveals that today’s economy is not shaped only by government, but by the combined activity of industry, higher education, and civil society—often organized and coordinated through regional networks. At its core, **this playbook helps states better partner with the regional cross-sector networks that power their economies by:**

- **Better understanding the rapidly evolving economic moment** as well as the unique strengths of the state and its regions that, together, can enable a proactive, adaptive approach to growing good jobs in the next economy.
- **Building the state-level systems** needed to align state and regional strategy, investments, and execution to deliver economic opportunity more effectively with limited resources.
- **Investing intentionally** in regional cross-sector coordination capacity, especially in less-resourced and economically distressed regions, to prepare regions to weather inevitable shocks and seize opportunities.

While the playbook is primarily intended for decisionmakers in state government, regional and state-level civic and business leaders also play a critical role. In fact, in leading states—where we’ve seen state-regional alignment catalyze significant private investment, strengthen local institutions, and grow good jobs in industries of the future—these leaders have provided durable advocacy and trust-based leadership across state administrations to design and help build state-level systems that work for their communities.

## **THE CONTEXT: AN UNEVEN, RAPIDLY CHANGING ECONOMY**

In 2024, nearly half of U.S. households did not earn enough to make ends meet, and only 44% of Americans believe their standard of living will improve—down sharply from previous decades. Extensive research shows these economic challenges are not experienced evenly across place, and that variation greatly affects American workers’ economic prospects. Access to good jobs depends on where you live and that region’s ability to compete in the tradable industries that disproportionately create good jobs. Yet a growing share of regions are disconnected from those industries, contributing to lower employment rates and declining economic mobility.

At the same time, major structural forces—including artificial intelligence, the energy transition, and demographic change—are rapidly reshaping the economy. These shifts create new opportunities for innovation and growth, but also serious risks of job displacement, rising costs, and growing economic divergence.

## **THE STRUCTURAL ISSUE: THE ECONOMY IS REGIONAL, BUT GOVERNING SYSTEMS ARE NOT**

**Most state economic development systems were designed for an earlier era**, when growth could be secured by attracting a large employer with the right incentive package. Today’s economy, however, is increasingly driven by technology, talent,

and energy—assets that exist in and are largely determined by regional ecosystems. While states have smartly expanded into workforce, innovation, and entrepreneurship over time, these additions have resulted in state systems that are:

- Fragmented across agencies, programs, and funding streams.
- Reactive rather than strategic and proactive.
- Misaligned across state, regional, and local actors.
- Over-reliant on incentives, underutilizing private and philanthropic co-investment.
- Focused on quick wins instead of longer-term economic outcomes.

**To succeed in the next economy, states must rethink how they operate, starting with a fundamental reality: States hold governing power, but economies are regional.** Labor markets, housing markets, infrastructure systems, and supply chains operate primarily in regional economies—spanning multiple counties but rarely reaching the scale of an entire state—and are organized around networks of firms, workers, universities, and civic institutions. Moreover, regions offer the connective tissue needed to translate investments into economic growth: trusted relationships across public, private, and civic sectors; deep knowledge of local assets and constraints; underutilized pools of capital; and the on-the-ground capacity to adapt quickly as conditions change. Yet these regional networks are undercoordinated and undercapitalized. Instead, it is states that ultimately have the authority, resources, and platform to align regional actors to achieve economic impact at greater scale. This creates a condition of mutual interdependence:

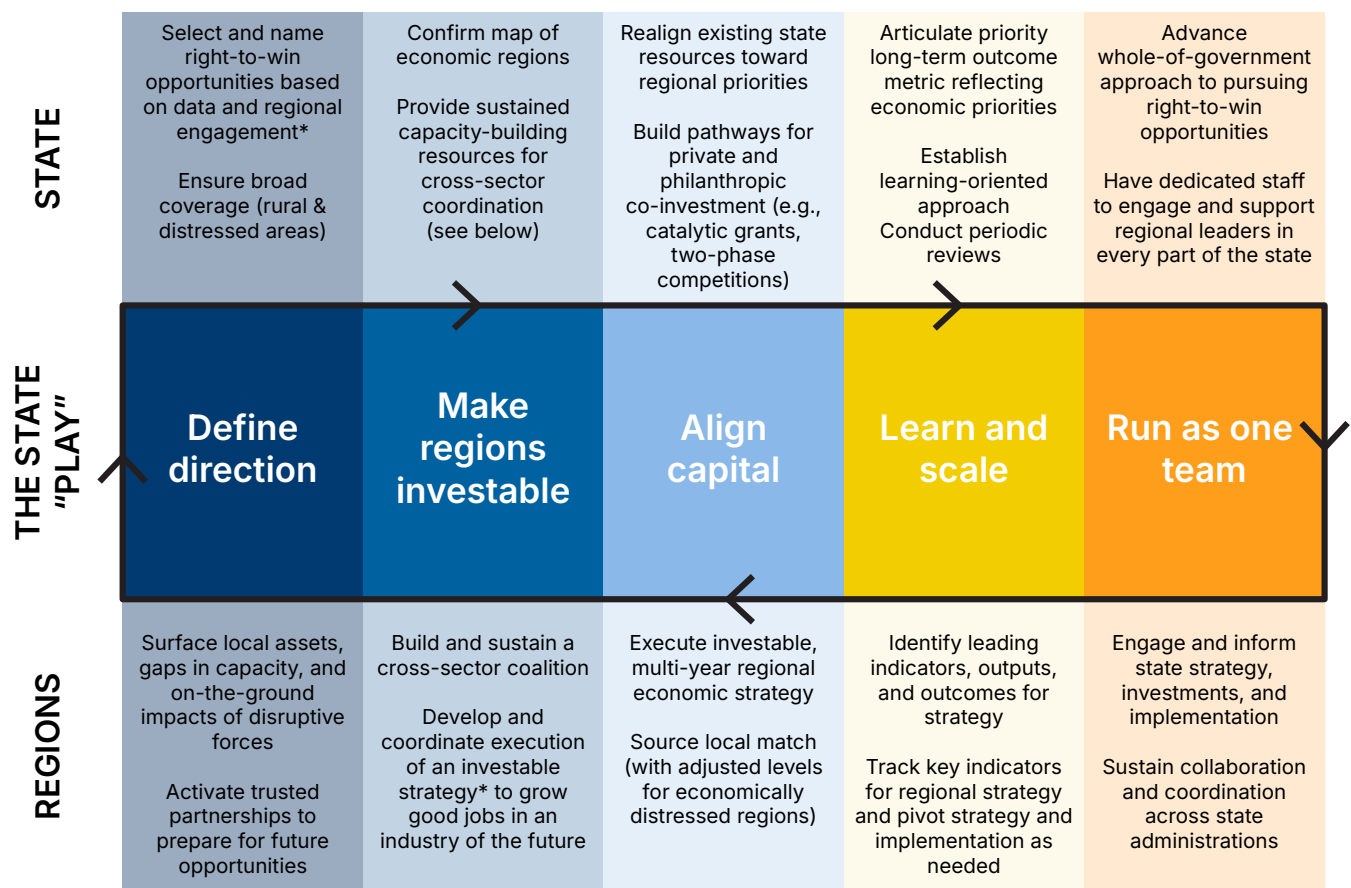
- **States** set direction (informed by rigorous data and stakeholder engagement); align and deploy resources across agencies (e.g., funding, staff capacity, policy, procurement); exercise their regulatory authority; and operate at scale in service of their statewide mandate.

- **Regions**, which are closest to economic challenges and opportunities, design strategies and coordinate execution, grounded in the reality of their advantages and institutions.

This sets the conditions for a new vision for state economic development: Connect more residents to good jobs by aligning and deploying the authority and resources of state government in more effective, adaptive ways through partnership with regional cross-sector leadership.

## A NEW OPERATING MODEL: A STATE-REGIONAL PLAYBOOK FOR ECONOMIC TRANSFORMATION

**Plays, not programs:** This practical playbook is anchored by the five key “plays” outlined below, plus priority actions for the first 100 days to set the state up for success. The focus is not on creating new programs, but on reimagining how existing policies, institutions, and investments work together to improve alignment and effectiveness toward growing good jobs.



\*Explored further in a “From idea to action” sidebar

**Play #1: Define direction.** States—with broad input from stakeholders in industry and civil society—must identify a select number of “right-to-win” economic opportunities: specific industry clusters where regional assets and market dynamics suggest a realistic—sometimes known, sometimes emerging—competitive advantage (e.g., advanced pharmaceutical manufacturing in Virginia, quantum in Illinois). This requires combining rigorous market analysis with intentional regional engagement to move beyond broad sector priorities and toward precise, actionable cluster strategies whose value chains, altogether, engage assets in every part of the state. While regional stakeholders hold the deepest understanding of local assets, it is states that possess the fiscal base, authority, and public platform to reinforce and signal those priorities to the national and global economy.

**Play #2: Make regions investable.** Every region across the state should have a plan for its future prosperity—specifically, a long-term, investment-ready economic strategy grounded in its assets and opportunities. This requires building dedicated regional capacity to coordinate with partners across sectors and ensure sustained alignment across strategy, investment, and execution (models exist in Indiana, New York, and Virginia, with early progress in California). High-quality regional strategies integrate catalytic projects across talent development, innovation, and infrastructure that address key gaps to seize a “right-to-win” economic opportunity. This step also provides a strong foundation for multi-region collaboration across a state.

**Play #3: Align capital.** States must realign fragmented funding streams to advance regional priorities, but this play will look different depending on authority, politics, and fiscal space. We offer four pathways, drawing insights from New York and Virginia, early work in other states, and recent federal place-based investments: realigning existing resources; deploying catalytic grants to support regional clusters; designing large-scale, multi-phase funding competitions; and convening collaboratives of private and philanthropic funders. The goal is to unlock co-investment from businesses, philanthropy, and local governments at a scale that can drive meaningful economic transformation.

**Play #4: Learn and scale.** Economic development systems must shift from compliance-driven reporting to performance-driven learning. States should adopt clear outcome metrics—such as employment rates, income growth, or shares of families making ends meet and disparities across groups—and build accessible data systems that enable continuous improvement. Resources should be reallocated toward strategies that demonstrate impact, while underperforming efforts are adapted or discontinued, as leading regional cross-sector coalitions from Oklahoma to West Virginia demonstrate.

**Play #5: Run as one team.** Finally, states must build the capacity to coordinate this new operating model across agencies and with regional partners. This includes creating dedicated teams to align economic development, workforce, housing, land use, infrastructure, and other relevant state resources around shared state and regional priorities. Offices of rural prosperity, which exist in a growing number of states, offer a potential model for ensuring prosperity in every part of the state—rural and urban. Strong relationships with regional leaders across the business, education, and civic sectors are essential to ensure that state strategies are grounded in real economic conditions and opportunities.

# First 100 days agenda

- **Hire the right key staff**, including leaders with real experience—and, ideally, trusted relationships—in relevant industries and execute strategic projects in different regional contexts across the state.
- **Set the statewide vision in an early speech**, articulating the challenge of the moment and the urgency to identify and pursue the state’s right-to-win economic opportunities to grow good jobs and drive inclusive growth and durable prosperity (see **Play 1** for more on subsequent steps; actually selecting those right-to-win opportunities should be completed in the first six to nine months).
- **Sign an executive order that elevates state-regional alignment for growing good jobs as an administration priority**. It should include priority actions for the first six months, including, depending on the state context: defining right-to-win economic opportunities with intentional regional engagement (**Play 1**); an analysis to inform a consistent definition of economic regions (**Play 2**); and articulating priority long-term economic outcomes complemented by a learning-oriented approach (**Play 4**).
- **Engage legislative leadership and key committee chairs early to build bipartisan support for state-regional alignment**. This early engagement also provides opportunities to begin surfacing local and regional needs and perspectives—across urban, rural, and suburban parts of the state—to inform state strategy, complementing regional engagement.
- **Develop an initial budget and legislative package for building the systems to improve state-regional alignment**, including an “Economic Transformation Team” with dedicated staff to engage rural and economically distressed regions (see **Play 5**) and regional capacity-building resources (see **Play 2**) to align strategy; public, private, and philanthropic co-investment; and strategic execution.
- **Commission an independent analysis to inform the state’s official map of economic regions**, if not already agreed upon across agencies and other key stakeholders (see **Play 2** for more). The map should provide the analytical basis for later confirming actionable, reasonable geographic units of economic activity, as informed by relevant regional stakeholders.

# Priorities for the first six months

- **Conduct listening sessions in each region** to inform state strategy. When possible, these sessions should be informed by comprehensive economic, industry, and employment data profiles in each region (see **Play 1** for more).
- **Select and name the state's right-to-win economic opportunities**, informed by rigorous market analysis and intentional regional engagement (see **Play 1**, "Idea to action" sidebar, for more).
- **Confirm the state's official map of economic regions**, if not already agreed upon across agencies and other key stakeholders (see **Play 2** for more). The map should align, at minimum, the state's approach to economic and workforce development, and include a pathway for aligning that with economic development districts (EDDs) and comprehensive economic development strategies (CEDs).
- **Inventory the landscape of existing economic development programs and funding** to identify gaps and opportunities for improved alignment. State staff should also assess these programs and funding streams based on select criteria, including utilization levels, geography (where in the state the funding is going), and sectoral distribution (what sectors and subsectors are receiving what types of resources, and how much) (see **Play 3** for more on subsequent steps).
- **Develop and refine a budget proposal to support durable state-regional alignment**, including regional coordination capacity, cross-agency alignment, and opportunities for catalytic co-investment (see **Plays 2, 5, 3**, respectively, for more).

## THE IMPACT: STRONGER REGIONS, GREATER GROWTH

**In practice, this approach, while not yet widespread nationally, is already delivering strong early results.** Evidence from across the country—including efforts in Virginia, New York, and Indiana—shows that when states align their authority, funding, and strategy with empowered regional cross-sector coalitions, they can unlock levels of coordination, co-investment, and growth that fragmented systems simply cannot achieve.

State-enabled regional strategies have catalyzed billions of dollars in public and private investment (as high as nearly 20:1 private match leveraged in Indiana, for example); accelerated the growth of globally competitive industry clusters, generating

hundreds of thousands of jobs; and strengthened the capacity of local institutions to work together toward shared economic goals. They also prepare regions to weather inevitable shocks and seize opportunities, including existing and potential future large-scale private and federal investment. Just as important, these efforts are beginning to reconnect more workers and communities to pathways into good jobs—particularly in places experiencing long-term economic distress.

**The 2026 election cycle presents a pivotal opportunity to expand these efforts.** By modernizing how states work—aligning their funding and authority with regional strategy and execution—leaders can build more competitive, resilient, and inclusive economies. For newly elected governors and state legislators, alongside

their regional partners, this playbook can be the foundation for a transformational strategy that creates more good jobs, stronger regional economies, and expanded pathways to economic mobility for more Americans.

## HOW DIFFERENT LEADERS CAN USE THIS PLAYBOOK

This playbook is primarily designed for governors' transition teams and senior state decisionmakers, as transitions create windows of opportunity to realign priorities, align agencies, and establish direction early. Yet in many successful state transformations, civic, business, philanthropic, legislative, and regional leaders built the foundation for action well before state leadership emerged. Thus, this playbook offers actionable insights for leaders across the public, private, and civic sectors interested in supporting regional economic transformation, whether they are early in ideation or looking to strengthen implementation already underway.



Photo credit: CEOs of Indiana Corporate Partnership

If you are:	What you can do:
A newly elected governor or on a transition team	Build a more strategic, proactive, and modernized approach to economic development that aligns state agencies, regional priorities, and long-term economic opportunity.
An incumbent governor or senior advisor	Identify opportunities to strengthen coordination across agencies and improve alignment between state priorities and regional economic ecosystems.
A state legislator	Authorize, fund, and sustain more effective state-regional economic development systems that align workforce, infrastructure, innovation, and economic development priorities.
A regional civic or cross-sector leader (e.g., at a regional economic development organization)	Strengthen regional coordination, develop shared economic strategies, and demonstrate the value of state-regional alignment through implementation.
A business leader and/or part of a state-level civic leadership organization	Build a data-driven narrative to motivate action; assess appetite among leaders to align public, private, and philanthropic capital toward shared priorities.
A philanthropic leader	Invest in regional coordination capacity; assess appetite among leaders to align public, private, and philanthropic capital toward shared priorities.

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# I. THE CASE FOR A NEW STATE- REGIONAL ECONOMIC DEVELOPMENT MODEL

## THE ECONOMIC CONTEXT: AN UNEVEN, RAPIDLY CHANGING ECONOMY

**The basic U.S. economic challenge is that for too many households, wages have not kept up with the rising cost of living.** In 2024, 46% of Americans did not earn enough to make ends meet—a share that ranges from 23% in Falls Church, Va., to 77% in El Centro, Calif.<sup>1</sup> The share of Americans who say standards of living will improve for someone like them has declined from 77% in 2000 to a record-low of 44% in 2024. Roughly 70% of Americans say they no longer believe in the American Dream—the sense that hard work will translate into upward economic mobility.<sup>2</sup>

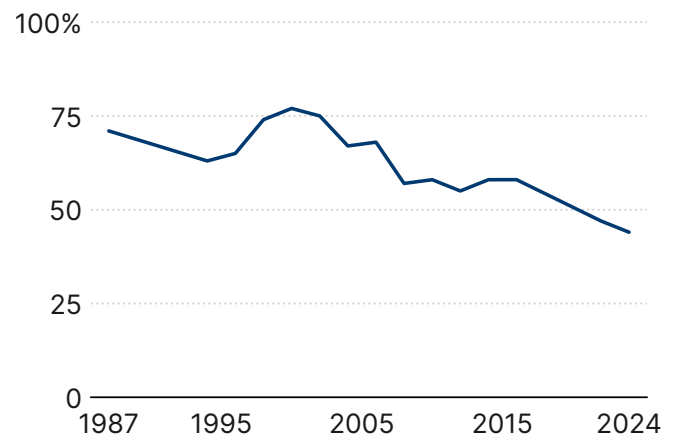
**Rigorous research shows that although many factors influence economic mobility, none are more important than living in a place where you can access a job.**<sup>3</sup> Prime-age employment rates have declined nationally, particularly among men, and persistent disparities in employment rates have only grown across places over the past decade-plus.<sup>4</sup> And when Americans do not have access to good jobs, it stifles families' upward mobility, fuels political discontent, and weakens trust in institutions.<sup>5</sup>

**In today's economy, workers' access to good jobs depends on whether the place they live is connected to the industries, technologies, and markets shaping global growth.**<sup>6</sup> These tradeable industries—which sell products or services outside the region and bring in new wealth—disproportionately provide good jobs, including those accessible to workers without bachelor's degrees.<sup>7</sup> When communities remain disconnected from these foundational sources of economic value and wealth-building, they fall further behind, and are left to compete for increasingly scarce resources.<sup>8</sup> Yet not all regions in a state—particularly many rural and low-density areas—see a clear path to prosperity through a tradable cluster strategy.<sup>9</sup> State economic development policy must meet these places where they are by seeking evidence-based and targeted tradable-sector opportunities where feasible, while acknowledging that for some underinvested regions, it will be

investments in essential services, infrastructure, workforce, and business development that will be the most effective inclusive economic development strategy.<sup>10</sup>

FIGURE 1.

### Share of Americans who believe that people like them have a good chance at improving their standard of living



SOURCE: Brookings analysis of General Social Survey data

**Meanwhile, the pace and complexity of change is only accelerating, as five major forces pose step-changes disrupting sub-state regional economies over the next half-decade.** These five forces (see Table 1) are converging against existing structural shifts, including growing economic divergence, with widening wealth gaps between the highest-earning Americans and those in the lower and middle classes, as well as declining affordability, notably in housing.<sup>11</sup>

TABLE 1

## Five step-change forces shaping economic opportunity over the next five years

Major shift	Threats	Opportunities
<p><b>Generative artificial intelligence</b> reshaping the future of work: adoption by firms grew by 68% between 2024 and 2025<sup>12</sup></p>	<ul style="list-style-type: none"> <li>Widespread task disruption</li> <li>Erosion of career pathways, especially for entry-level workers</li> <li>Widening divides in readiness and productivity</li> </ul>	<ul style="list-style-type: none"> <li>Creation of new job categories and technology-augmented occupations</li> <li>Revitalizing key industries with technological innovation</li> </ul>
<p><b>Energy demand</b> and climate impacts constraining growth: data center power demand expected to balloon from 4.4% to between 6.7% and 12% of total U.S. electricity consumption from 2023 to 2028<sup>13</sup></p>	<ul style="list-style-type: none"> <li>Rising energy costs, in part due to large-scale data center development</li> <li>More frequent natural disasters, power outages, and infrastructure damage</li> </ul>	<ul style="list-style-type: none"> <li>Affordable, reliable, resilient energy becoming a competitive advantage</li> <li>Growing market demand for clean-tech innovation and deployment</li> <li>Climate-related migration fueling population growth in certain areas</li> </ul>
<p><b>Demographic change</b>, namely aging and migration volatility: adults age 65 and older outnumbered people under age 18 in 11 states in 2024, up from three in 2020, as the population continues to age<sup>14</sup></p>	<ul style="list-style-type: none"> <li>Retirement cliffs, leading to sudden loss of talent and institutional memory in key industries</li> <li>Declining birth rates</li> <li>Immigration restrictions stall workforce and population growth</li> </ul>	<ul style="list-style-type: none"> <li>Ethnically diversifying workforce and global talent attraction</li> <li>Tech-enabled productivity growth, sustaining key industries</li> </ul>
<p><b>Supply chain realignment</b> and industrial competition: global industrial policy actions increased by 390% between 2017 and 2024<sup>15</sup></p>	<ul style="list-style-type: none"> <li>Heightened geopolitical competition and policy uncertainty (e.g., tariffs)</li> <li>Strained local capacity (e.g., housing, infrastructure) in regions absorbing industrial policy investment</li> </ul>	<ul style="list-style-type: none"> <li>Strategic growth opportunities in nationally critical industries (e.g., semiconductors, defense, biotech)</li> <li>Supplier development and reshoring</li> </ul>
<p><b>Fiscal retrenchment</b> constraining state capacity: SNAP and Medicaid changes beginning in late 2026 will pose new costs for states<sup>16</sup></p>	<ul style="list-style-type: none"> <li>Tighter, more volatile budgets coming off of a pandemic-era surge in federal investment</li> </ul>	<ul style="list-style-type: none"> <li>Innovative, creative financing and opportunities for public-private-philanthropic co-investment</li> <li>Cut-to-invest approaches, sunseting ineffective programs and reinvesting in higher-impact strategies</li> </ul>

## CURRENT STATE ECONOMIC DEVELOPMENT SYSTEMS ARE NOT PREPARED

**These pressures are already reshaping the work of economic development leaders.** These leaders operate with the legacy of economic development systems designed by states, especially in the postwar and industrial recruitment era of the 1950s to 1980s, when the central goal was attracting companies (often using tax incentive tools) and building basic physical infrastructure.<sup>17</sup> In recent decades, in response to pressure from communities and firms alike, many state economic development agencies have created programs that invest in the long-term assets that drive growth: talent, entrepreneurship, innovation, and placemaking and site development.<sup>18</sup>

**Over time, these policies and programs have accumulated into an economic development system that is institutionally dense but not strategically coherent.** In every state, economic development leaders face some—typically all—of the following structural challenges:

- **The state and its regions operate reactively, without shared proactive strategies,** meaning limited resources are often stretched across misaligned projects that do not grow competitive advantages in a coherent way.
- **Top-down state approaches struggle to support distressed communities,** overlooking unique local assets as well as variations in local capacity to access and deploy resources, often leaving behind the regions with less civic capacity when it comes to attracting additional private and public investment.
- **States underutilize private and philanthropic co-investment,** relying primarily on tax incentives for business attraction and expansion or episodic support from state legislatures.
- **State-regional-local fragmentation** across programs, agencies, and funding streams leaves local and regional leaders to expend precious resources navigating a patchwork of relatively small resources and fulfilling an assortment of onerous reporting requirements.
- **Metrics overemphasize quick wins (namely, job creation announcements) over long-term outcomes,** which generates headlines that benefit elected officials on four-year time horizons but not necessarily durable economic prosperity.



Photo credit: CEOs of Indiana Corporate Partnership

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**The challenge is not a lack of economic development programs—it is the need for a new operating model.**

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## MUTUAL INTERDEPENDENCE: STATES NEED REGIONS, AND REGIONS NEED STATES

For governors, legislators, and state economic officials, the challenge is clear: Modernize economic development systems to create the enabling conditions needed so that these forces grow good jobs and expand economic mobility, rather than deepen divides.

**Doing so requires recognizing a structural tension: States are the primary economic governing units in the U.S. federal system, yet they are not the natural geography of most economic activity.** Labor markets, housing markets, infrastructure systems, and supply chains operate primarily in regional economies—often spanning multiple local jurisdictions and crossing state lines—and are organized around networks of firms, workers, universities, and civic institutions. In other words, regions concentrate the assets that drive growth, but they lack formal authority within the federal system.<sup>19</sup>

**States control powerful levers that can drive change at a scale greater than individual regions.** State governments have funding tools, including grants, loans, and tax incentives; dedicated economic development staff; permitting and other regulatory authority; shared services (e.g., education); relationship networks within and beyond the state; the governor’s bully pulpit and agenda-setting power; and a platform for reaching federal decisionmakers.

**This sets the conditions for mutual interdependence: States can be critical strategic economic actors, while regions are the engines of economic prosperity.** Regions offer states the connective tissue needed to match policy and funding to economic outcomes on the ground: trusted relationships across public, private, and civic sectors; deep knowledge of local assets and constraints; underutilized pools of capital; and the on-the-ground capacity to adapt quickly as major forces disrupt the activities of workers and firms. States can leverage partnerships with regions and their assets—combined with their authority, resources, and platform to act at scale—to confront and shape these forces to expand opportunity.

To sum it up: States need regions, and regions need states. Therefore, effective economic development in this moment requires a purpose-built playbook to align strategy, resources, and execution between the state and its regions.

We already see this playbook in action across the country. The four examples listed below vary in industry focus, institutional makeup, and geographic location, but they all share the objective of addressing economic distress by growing industries of the future and reconnecting them to global opportunity. And in each, state leadership and investment have played a catalytic role.

	<b>Richmond-Petersburg, Va.</b>	<b>Central New York</b>	<b>Fresno, Calif.</b>	<b>Indianapolis</b>
<b>Region info</b>	Region 4 (GO Virginia); 12 counties, five cities; population 1.4 million <sup>20</sup>	Central New York region (REDCs); five counties; population 780,000 <sup>21</sup>	Sierra San Joaquin Region (California Jobs First); four counties; population 1.8 million <sup>22</sup>	Central Indiana region; nine counties; population 2.1 million <sup>23</sup>
<b>Key industry of the future</b>	Building an end-to-end advanced pharmaceutical manufacturing supply chain	Semiconductors and microelectronics	Future of food: agricultural technology innovation, development, and deployment	Future of human, animal, and plant health
<b>Early state investment and action</b>	Since 2015, the commonwealth has been organized as nine economic GO Virginia regions, each eligible for capacity-building and implementation grants. In 2021, the region received a \$2.5 million “cluster scale-up” grant through GO Virginia.	In 2011, the state established Regional Economic Development Councils and the Consolidated Funding Application, which incentivized regional coordination and alignment across the public, private, and civic sectors.	In 2018, investments through the Strategic Growth Council’s Transformative Climate Communities program strengthened the region’s capacity for community engagement and cross-sector coordination and leadership.	In 2015, the state launched the Regional Cities initiative (the predecessor to the Regional Economic Acceleration and Development Initiative). The Regional Cities competition catalyzed leaders to coordinate more formally at the regional level across the state.
<b>Regional leadership</b>	Starting in 2020, a coalition of public and private sector partners formed to design a regional strategy for advanced pharmaceutical manufacturing, designed to involve the entire region, urban and rural. <sup>24</sup>	For over a decade, civic leaders at CenterState Corporation for Economic Opportunity have led rigorous industry research, partnership-building, and execution of an integrated cluster strategy.	A cross-sector coalition, led by former Mayor Ashley Swearengin, led a design and policy sprint in 2019 called Fresno DRIVE, resulting in a \$4.2 billion, 10-year plan. <sup>25</sup>	Local leaders formed the Central Indiana Regional Development Authority (CIRDA). Though CIRDA did not win Regional Cities funding, leaders continued coordinating to pursue a bigger shared vision. <sup>26</sup>
<b>Early momentum</b>	The state’s cluster scale-up grant, combined with the region’s strategy, provided the foundation for the region securing a \$52.9 million Build Back Better Regional Challenge grant from the U.S. Economic Development Administration (EDA) in 2022. In subsequent years, the region has also received a competitive Regional Technology and Innovation Hubs designation, as well as decisions by industry leaders including Civica Rx to establish major facilities in Petersburg and Chesterfield. Just in 2025, these efforts have catalyzed over \$12.5 billion in private and public investments in the region.	The decade-plus of alignment on the regional strategy helped Central New York land the state’s largest manufacturing project in generations: Micron’s \$100 billion commitment is projected to create nearly 50,000 jobs. The project recently broke ground in January 2026. In the meantime, regional and state leaders have begun deploying a \$500 million Green CHIPS Community Investment Fund and a \$150 million Housing Fund, both informed by community priorities, including needs for workforce wraparound services. <sup>27</sup>	Fresno DRIVE seeded the regional coalition that secured a \$65 million Build Back Better Regional Challenge award. <sup>28</sup> In recent years, the coalition has developed and launched a curriculum informed by farmworkers, designed to be flexible for migrant workers and expected to reach up to 8,400 students annually. Through another project, the coalition has connected agricultural producers with the Los Angeles Unified School District—the second-largest in the country—meaning new economic opportunity for those producers. Fresno DRIVE has also provided inspiration and proof-of-concept for the California Jobs First Regional Investment Initiative, which has brought additional investment into the region.	In terms of governance, CIRDA has expanded to over 30 members (towns, cities, counties) over the last decade, demonstrating sustained interest in regional collaboration. Most recently, the state has committed \$1 billion over 10 years to accelerate the creation of high-wage life sciences jobs. This recent announcement builds on momentum: In July 2024, under the Tech Hubs program, the EDA awarded Central Indiana \$51 million to develop Heartland BioWorks for biopharma innovation and production. And in January 2026, regional leaders launched a new \$21 million early-stage venture fund for the sector, with commitments from partners including Eli Lilly and Company, Corteva, Elanco Animal Health, Indiana University, Parkview Health, and the state of Indiana. <sup>29</sup>

We share these examples because they are proof-of-concept for how states and regions can transform their economies, grow good jobs, and combat economic distress. They also underscore that there is no single model for success—only a shared set of roles, capabilities, and design choices that must be adapted to place. These dynamics

point to a simple conclusion: Aligning state and regional economic development requires a more intentional operating model than most states currently have. The following section outlines five plays that together form a practical framework for building this operating model.



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## **II. A STATE-REGIONAL PLAYBOOK FOR ECONOMIC TRANSFORMATION**

## PLAYS, NOT PROGRAMS

This section lays out **five actionable “plays”** for governors and state economic leaders. These are not a catalog of best practices in critical programmatic areas such as workforce development, innovation policy, site readiness, or entrepreneurship ecosystem-building, though all those efforts remain essential to inclusive growth.

Instead, the focus here is one level up: the operating system that determines whether policies, programs, and institutions reinforce one another or remain fragmented. The binding constraint is not a lack of economic development programs (most states have plenty), but rather the ability of states to drive alignment across institutions, investors, and implementation partners. In solving for that challenge, these five plays create an operating model for state-regional transformation. They define how a state can:

- 1. Define direction:** Identify a small number of “right-to-win” opportunities grounded in data, regional assets, and intentional stakeholder engagement.
- 2. Make regions investable:** Build the coordination capacity needed to design and execute investable regional strategies.
- 3. Align capital:** Coordinate public, private, and philanthropic investment around shared regional and state priorities.
- 4. Learn and scale:** Empower state and regional leaders to measure performance, identify what works, and reallocate resources to strategies that demonstrate impact.
- 5. Run as one team:** Institutionalize state-regional coordination across agencies to ensure durable alignment and execution.

The rest of the playbook provides greater detail on each play, including sidebars with state examples (**INSIGHTS FROM THE FIELD**) and actionable insights learned from them (**FROM IDEA TO ACTION**), for longer-term implementation. In the sidebar below, we recommend a set of foundational early actions for states with new leadership. These actions are not the full “plays,” but rather the preconditions for executing them well.



Photo credit: Alliance for Building Better Medicine

# First 100 days agenda

The plays that follow are ambitious and multi-year in nature. But they begin with a small set of early decisions that establish direction, credibility, and execution capacity. In the first 100 days, incoming governors should:

- **Hire the right key staff**, including leaders with real experience—and, ideally, trusted relationships—in relevant industries and executing strategic projects in different regional contexts across the state.
- **Set the statewide vision in an early speech**, articulating the challenge of the moment and the urgency to identify and pursue the state’s right-to-win economic opportunities to grow good jobs and drive inclusive growth and durable prosperity (see **Play 1** for more on subsequent steps; actually selecting those right-to-win opportunities should be completed in the first six to nine months).
- **Sign an executive order that elevates state-regional alignment for growing good jobs as an administration priority**. It should include priority actions for the first six months, including, depending on the state context: defining right-to-win economic opportunities with intentional regional engagement (**Play 1**); an analysis to confirm a consistent definition of economic regions (**Play 2**); and articulating priority long-term economic outcomes complemented by a learning-oriented approach (**Play 4**).
- **Engage legislative leadership and key committee chairs early to build bipartisan support for state-regional alignment**. This early engagement also provides opportunities to begin surfacing local and regional needs and perspectives—across urban, rural, and suburban parts of the state—to inform state strategy, complementing regional engagement.
- **Develop an initial budget and legislative package for building the systems to improve state-regional alignment**, including an “Economic Transformation Team” with dedicated staff to engage rural and economically distressed regions (see **Play 5**) and regional capacity-building resources (see **Play 2**) to align strategy; public, private, and philanthropic co-investment; and strategic execution.
- **Commission an independent analysis to inform the state’s official map of economic regions**, if not already agreed upon across agencies and other key stakeholders (see **Play 2** for more). The map should provide the analytical basis for later confirming actionable, reasonable geographic units of economic activity, as informed by relevant regional stakeholders

## Priorities for the first six months

- **Conduct listening sessions in each region** to inform state strategy. When possible, these sessions should be informed by comprehensive economic, industry, and employment data profiles in each region (see **Play 1** for more).
- **Select and name the state’s right-to-win economic opportunities**, informed by rigorous market analysis and intentional regional engagement (see **Play 1**, “Idea to action” sidebar for more).
- **Confirm the state’s official map of economic regions**, if not already agreed upon across agencies and other key stakeholders (see **Play 2** for more). The map should align, at minimum, the state’s approach to economic and workforce development, and include a pathway for aligning that with EDDs and CEDS.
- **Inventory the landscape of existing economic development programs and funding** to identify gaps and opportunities for improved alignment. State staff should also assess these programs and funding streams based on select criteria, including utilization levels, geography (where in the state the funding is going), and sectoral distribution (what sectors and subsectors are receiving what types of resources, and how much) (see **Play 3** for more on subsequent steps).
- **Develop and refine a budget proposal to support durable state-regional alignment**, including regional coordination capacity, cross-agency alignment, and opportunities for catalytic co-investment (see **Plays 2, 5, 3**, respectively, for more).

### PLAY #1: DEFINE DIRECTION – IDENTIFY A SMALL NUMBER OF ‘RIGHT-TO-WIN’ OPPORTUNITIES GROUNDED IN DATA, REGIONAL ASSETS, AND INTENTIONAL STAKEHOLDER ENGAGEMENT

#### *The critical shift and why it matters now*

Most states have published state economic strategic plans and sector priorities, but these rarely provide the specificity and ambition needed to distinguish the state in an increasingly competitive investment landscape. And especially in a fiscally constrained environment, a strategy that prioritizes everything ends up accomplishing nothing.

State economic leaders should establish specific, precise cluster priorities—or “right-to-win” opportunities—and articulate how each region of the state can contribute, so that:

- Within industries, **businesses and investors** can get clearer signals and precise answers as to a state’s offerings in key subsectors and value chains.
- **Local and regional partners** across economic development, workforce development, and higher education can understand where the state truly thinks it can compete and win and, in turn, how they fit and can contribute to the bigger-picture strategy.
- **State leaders** across agencies can better align programs, staff, and funding toward the state’s highest priorities.

# Identifying right-to-win opportunities in Virginia

Historically, as most states have done, the Virginia Economic Development Partnership (VEDP, the state's primary economic development agency) brought in external consultants to help define the state's economic strategy, including its priority strategic sectors. But recognizing the rapidly evolving and increasingly competitive global market landscape, in recent years, VEDP has built expertise in-house to identify and grow its right-to-win opportunities.

In that process, VEDP leadership has prioritized two key sets of considerations:

1. What cluster and subsector opportunities are a **strong fit**, with existing assets and competitive advantages across the commonwealth?
2. **Where is the economy going?** Based on global and national trends, what are the highest-opportunity, highest-growth areas where the state should choose to compete?

These questions have, for example, led VEDP to focus resources and partner with regions on growing the state's advanced biopharmaceutical manufacturing industry, informed by ongoing engagement with Regional Councils and each of their Growth and Diversification Plans (see **Play 2** sidebar for more context on these planning processes). VEDP has brought on staff with specialized expertise in advanced pharmaceuticals, who are then better-positioned to improve its company attraction efforts focused on subsector-level "right-to-win" opportunities, and conduct regional ecosystem-building efforts (e.g., talent development) specifically oriented toward advancing those key opportunities. With that, last year, under then-Governor Glenn Youngkin, the commonwealth successfully attracted \$12.5 billion in pharmaceutical investments from major companies such as Merck, AstraZeneca, and Eli Lilly to grow its advanced pharmaceutical manufacturing industry.<sup>30</sup> All this ongoing work also informs the statewide economic development policy agenda, which every newly elected governor is required to release in their first year.

## Identifying right-to-win opportunities

This process of identifying “right-to-win opportunities” involves two important, related steps, both grounded in both rigorous data and intentional regional engagement. More precisely, state staff should first conduct initial data-driven market analysis, but then explore the questions below through a statewide engagement tour with regional business, higher education, nonprofit, local government, and other stakeholders in every part of the state.

The first step is to **identify** potential priority subsectors and clusters based on market conditions. Begin with a universe of traded (or “export-oriented”) sectors, because although locally serving businesses are an important source of jobs and livelihoods, extensive and rigorous evidence has shown that it is traded sectors that grow the pie, disproportionately creating higher-paying jobs and pathways for upward mobility. Note that these traded sectors are not limited to manufacturing; they may also include tourism, outdoor recreation, renewable energy generation, and the production of value-added forestry products, among other sectors that bring outside income into the region.

The second step, then, is to **select priority opportunities** based on economic trends and the state’s competitive advantages.<sup>31</sup> What sectors are the fastest-growing, relative to the nation and other sectors? What sectors offer quality wages? What sectors are expected to grow over the next five to 10 years, based on industry trends and projections? In what sectors is the state—and, potentially, neighboring states—home to nationally and globally competitive assets across business and industry (leading corporations, startups, growth-stage companies); research and development (national labs, Research 1 university labs, commercialization specializations); education (college and university programs, apprenticeships, job trainings); and natural assets, among others?

At this step, state leaders should also consider questions of geographic coverage and inclusive growth to ensure broad-based opportunities to strengthen economic mobility. Which sectors leverage and activate assets in the state’s more rural and/or economically distressed areas? Which sectors’ value chains extend across a broader swath of the state? What combinations of sectors provide a balanced set of already competitive and emerging sectors?

## What it takes

- **Authority:** Executive orders and/or directives.
- **Budget:** Two to three full-time employees (for strategy leadership, data analysis, and stakeholder engagement), plus potential consulting contracts of up to \$1 million for an initial strategy.
- **Capacity:** Data analysis capability (in-house and/or in partnership with a research institution or firm); regional engagement capacity, especially in rural and distressed areas; engagement with private and civic sector leaders across the state.
- **Timeline:** Six months.

## Where to start

1. The governor should sign an **executive order requiring the state secretary of commerce (or equivalent) to identify and name the state's right-to-win economic opportunities** within the first six months, based on data-driven industry analysis and stakeholder input.
2. The secretary of commerce (or equivalent) and the Department of Economic Development (or equivalent) should conduct a rigorous, data-driven **industry and employment assessment** to understand state-level and substate economic trends and opportunities.
3. Informed by that data-driven assessment, the secretary of commerce (or equivalent) should lead their team on a **statewide listening and engagement tour** with dual objectives: 1) sharing insights from the data to inform local leaders of key opportunities; and 2) surfacing both local assets and gaps in capacity that state leaders can better support. Each stop should include discussions with senior leaders from key education, business, government, and community sector organizations. State leaders should spend intentional, extended time in each region, especially in rural, Tribal, and/or economically distressed areas of the state to more fully understand their assets and opportunities.



Photo credit: Alliance for Building Better Medicine

## *Common pitfalls, and how to avoid them*

### **Pitfall #1: Broad “priorities” leave stakeholders uncertain about the state’s true priorities and competitive advantages.**

Across the country, states prioritize the same broad “sectors”: agriculture, energy, health care, hospitality and tourism, information technology, life sciences, and manufacturing. This breadth is understandable: Strategy developers, per their statewide mandate, aim to ensure all communities, existing companies, and industries feel included.

**How to avoid it:** leaders must remember and effectively communicate that publicly naming right-to-win opportunities is not about the state picking winners and losers. Rather, this data-driven, community-informed process is meant to surface opportunities for the state to most effectively grow good jobs with its limited resources. All firms and industries—including locally serving sectors and anchor institutions—still matter for the state to have a diversified economy and navigate inevitable economic shocks. Tactically, leaders should:

- Ensure a transparent, data-driven process for identifying and selecting priorities (see sidebar on identifying right-to-win opportunities).
- Conduct inclusive engagement processes, such as a statewide listening tour intentionally designed to surface the needs, priorities, and concerns of all stakeholder groups.
- Thoughtfully craft the state’s public strategy documents and communications to reflect the importance of having a strong, diversified economy while also directing precise focus to right-to-win opportunities.
- Ensure that every region has at least one clear opportunity among the right-to-win industries.

### **Pitfall #2: State priorities overlook distressed, rural, and/or Tribal communities. Business attraction activities naturally tend to concentrate in a state’s largest metro areas, given the relatively dense supply of talent and supply chain firms.**

**How to avoid it:** State leaders should be explicit in identifying opportunities for rural, Tribal, and other distressed communities to connect to right-to-win opportunities. These may include opportunities in energy, tourism, and agriculture (and the application of agricultural technologies), which are often associated with rural economies, as well as other opportunities in industries of the future. Examples such as advanced textiles in rural North Carolina and precision fermentation in rural Illinois (transforming corn into higher-value-added products and materials) show that these historically overlooked regions can play critical roles in emerging markets to drive broad-based prosperity.<sup>32</sup> A useful exercise is developing public value chain maps for these right-to-win opportunities to help firms and regional leaders better understand their potential role in statewide priorities, as the state of Missouri’s approach validates.<sup>33</sup>



Photo credit: Alliance for Building Better Medicine

## **PLAY #2: MAKE REGIONS INVESTABLE – BUILD THE COORDINATION CAPACITY AND INSTITUTIONAL STRUCTURES NEEDED TO DESIGN AND EXECUTE INVESTABLE REGIONAL STRATEGIES**

### *The critical shift and why it matters now*

There is no shortage of planning in economic development; the challenge is few economic plans are investment-ready. States are home to a patchwork of regional economic governance and planning structures such as Economic Development Districts (EDDs), Comprehensive Economic Development Strategies (CEDs), regional and local economic development organizations, councils of governments, planning commissions, and so on. This fragmented landscape often means local leaders in the same region are competing for the same dollars to pursue smaller, one-off initiatives and misaligned plans. But regions that plan well get better outcomes. Brookings analysis of several hundred economic development plans found that regions with more detailed, high-quality plans have experienced faster economic growth, even when accounting for local incomes and population density.<sup>34</sup> But those plans only work if they can prioritize investment and execution around the most impactful opportunities.

Instead of simply layering on yet another initiative in hopes of improving alignment, the state should refocus on the key outcome: **For every region**

**in the state to have a clear, ambitious yet achievable, regionally tailored, and investable strategy to compete and grow good jobs in the modern economy** (see sidebar: “What makes a great investable strategy?”). This cannot be done well from a state capital. Leaders in each region have the local knowledge, assets, and trusted relationships to tell the region’s authentic story, while the state can bring capacity-building resources, rich data, a bird’s-eye perspective, and the regulatory power to build systems that enable regional leaders to translate those assets into an investable plan.

The reality, then, is that state leaders will encounter a diverse landscape of institutions and cultures of collaboration in each region. The main point is that each region needs coordination capacity to ensure continued alignment of strategy, resources, and execution across business, education, local government, economic and workforce development, and other sectors that shape the regional economy. Importantly, the specific governance structure will necessarily depend on each state’s existing regional institutional landscape. In this section, we offer one example, plus guiding design principles for strengthening that regional coordination capacity.

## Strengthening regional planning and collaborative capacity in Virginia

An initial \$35 million in state appropriations in GO Virginia has grown into a durable, decade-long infrastructure for state-regional alignment—through multiple administrations, under governors of both parties—across nine regions that span the commonwealth. In recent years, the state has provided each region with a \$250,000 planning and capacity-building grant as well as per capita and competitive implementation funding each year. Altogether, since 2017, GO Virginia has played a pivotal role in creating 1,200 new businesses, expanding another 1,200 businesses, and generating 25,000 jobs by supporting 213 projects with \$77 million in state funding, leveraging \$85 million in non-state match.<sup>35</sup>

Those ongoing investments incentivize and enable regional, cross-sector collaboration. Each region has:

- **A business-led, cross-sector Regional Council**, with representation from the business community, the education sector, local governments, Planning District Commissions, the economic and workforce development sectors, nonprofit organizations, and other entities shaping regional economic or workforce development.
- **A Regional Support Organization** that handles administrative, analytical, project management, and other responsibilities to support the Regional Council; eligible organizations may include, but are not limited to, universities, Planning District Commissions, and regional economic partnerships.
- **A statutory mandate** to update the region's Growth and Diversification Plan every two years in order to receive grants through GO Virginia.

These regional strategies inform state economic development investments. For example, in 2021, GO Virginia provided the Richmond-Petersburg region with a \$2.5 million cluster scale-up grant for advanced pharmaceutical manufacturing, which the Regional Council had identified as a priority. That seeded a regional accelerator that later became the Alliance for Building Better Medicine, a civic organization that works to align the region's industry leaders to build an advanced pharmaceutical manufacturing cluster. Four years later, the region's leaders have coalesced around a shared vision to create a globally competitive, economically resilient, end-to-end supply chain for affordable, high-quality medicines, leveraging an additional \$57 million in federal funding, plus \$12.5 billion in private investment just in 2025,<sup>36</sup> and creating over 1,700 jobs and stronger regional pathways for workers and innovation. Specifically, the region, backed by its Regional Council, is leveraging these resources to advance a portfolio of projects, including but not limited to:

- An **innovation center**, being constructed to address an acute need for wet lab space and concentrate commercialization and startup support resources.
- **Water and wastewater infrastructure** upgrades to sustain current and future manufacturing capacity across the region.
- A **talent pipeline project** to develop demand-driven certificate programs and a bridge program to improve access to opportunity for underserved communities.
- A **supply chain project**, identifying and building out a robust regional supply chain through coordinated supplier recruitment strategies

# What makes a great investable strategy

An investment-ready strategy crafts a coherent portfolio of integrated, actionable project proposals to advance a key future economic opportunity (i.e., emerging or growing industry). These project proposals span talent development, innovation and business development, and placemaking and infrastructure interventions that have been vetted, budgeted, and structured to de-risk private, public, and philanthropic investment.

By setting standards for regional strategies and formally approving ones that meet those standards, the state can bolster the credibility of regional efforts, making them more attractive to potential private and philanthropic investors (see Appendix for the **full sample rubric**). At the same time, state guidelines should have built-in flexibility to allow each region to tailor its strategy to its own vision, assets, and needs.

A strong, investable strategy demonstrates the following five components that distinguish it from a typical regional plan.

A typical regional plan includes:	An investable strategy includes:
<p><b>Broad statement of challenges:</b> Common barriers identified without local and data-based probing.</p>	<p><b>Precise problem diagnosis:</b> A data-driven assessment of the root causes of the region’s unique barriers and challenges to growing good jobs.</p>
<p><b>Broad opportunities:</b> Statement of the region’s current industry mix and existing assets.</p>	<p><b>Precise definition of opportunity:</b> Clear articulation of the region’s specific future economic opportunity, grounded in legacy assets and with support and buy-in from key stakeholders across sectors.</p>
<p><b>Descriptions of projects:</b> Lists of ideas and strategies generated by stakeholders across the region.</p>	<p><b>Clearly scoped projects:</b> An integrated set of well-defined, investment-ready projects that address the region’s key challenges, reduce unnecessary duplication, and increase cross-sector, cross-jurisdictional alignment.</p>
<p><b>No clear plan for execution:</b> Some combination of lead organizations and action items identified for strategies and projects.</p>	<p><b>Feasibility assessment:</b> An implementation plan, including a comprehensive budget and realistic timeline, all backed by the demonstrated experience and capacity of project implementers.</p>
<p><b>Standard outcomes identified (if at all):</b> Metrics include, for example, job creation.</p>	<p><b>Evaluation and adaptation plan:</b> Region-specific, outcomes-oriented key performance indicators, including leading indicators, short-term (one to two years) outputs, and longer-term (three to five-plus years) outcomes, complemented by a plan for periodically assessing projects to pivot as appropriate.</p>

# What capacity does a region need to develop an investable strategy

Getting from a high-level vision and strategy to an actionable, investable strategy is not an easy task. It requires dedicated staff capacity to:<sup>37</sup>

- **Build and sustain a diverse cross-sector coalition**, aligning different—sometimes competing—perspectives and incentives over time.
- **Align that coalition around a shared call to action** through effective facilitation, anchored by rigorous data analysis (which requires access to the right data, tools, and expertise).
- **Source, select, and develop investment-ready projects** through technical analysis and stakeholder engagement.
- **Develop evaluation tools** to track and communicate impact, to inform pivots where needed and support the case for follow-on investment.
- **Operationalize collaborative governance structures** to manage and sustain strategic execution and ensure outcomes-driven coordination.

Regions, especially less-resourced ones, may not prioritize this work on their own due to emergent and short-term priorities. But with relatively modest capacity-building investments, states can incentivize and enable regions to develop these investable strategies, which can strengthen local trust—which in turn strengthens their ability to weather shocks (e.g., AI-related disruptions)—and prepare them to shape and seize opportunities (e.g., data center negotiations, other technological developments) on their own terms, aligned with their own vision for their region's future.

## What it takes

- **Authority:** Executive authority to align maps and support regional coordination capacity, coordinating across agencies where needed; legislative authorization of capacity-building grants.
- **Budget:** \$150,000 to \$300,000 in capacity-building grants per region per year,<sup>38</sup> depending on size and needs of regions, guaranteed for at least three-year periods.
- **Capacity:** Two to three full-time employees to develop guidance and offer tailored technical assistance to regions on an ongoing basis, preferably including staff with experience working in rural, distressed, or Tribal regions; requires political will and support from the highest state leadership to identify opportunities to build alignment (and collapse structures where appropriate).
- **Timeline:** Launch map in six months, with each region having an investable strategy within the first two years.

## Where to start

1. If not done already, the governor should sign an executive order requiring the state secretary of commerce (or equivalent) to **identify economic regions** as the basis for regional development within the first six months based on both rigorous data and stakeholder input. At minimum, the map should align the state's approach to economic and workforce development, and include a pathway for aligning that with EDDs and CEDS.
2. Once the map is confirmed, the secretary of commerce (or equivalent), in partnership with relevant agencies, should establish a process for each of the state's economic regions to **develop an investable, multi-year strategy** to grow a key traded sector opportunity for the region. That process should include clear guidance and tailored technical assistance, including regional industry and employment data for local leaders' reference.
3. In parallel to Steps 1 and 2, the governor, with support from regional leaders, should include a **budget request for a multi-year supply of flexible capacity-building resources** to strengthen regions' strategic alignment and coordination capacity. Uses may include but should not be limited to: hiring staff, acquiring data, and supporting community engagement.

## **Aligning regions to strengthen multi-jurisdictional collaboration in Indiana**

Indiana's regional approach to economic development began in 2015 under then-Governor Mike Pence with the Regional Cities initiative, which was motivated by a recognition that to grow economic opportunity, the state needed to drive population growth and talent retention not just in Indianapolis, but in cities and towns across the state. That grew into the state's flagship Regional Economic Acceleration and Development Initiative (READI), through which \$1 billion in state investment has leveraged more than \$19 billion in private sector match, marking a nearly 20-to-1 return on investment in support of region-led projects in every corner of the state. According to Indiana Secretary of Commerce David Adams, "READI is Indiana's platform investment in quality of place—ensuring every region can compete for talent," and providing a foundation for the state to "go further, aligning talent, industry, innovation, and capital through a regional operating model designed for long-term growth."

For Regional Cities and, later, the first round of READI, the state allowed localities to self-define multi-county regions, which made them eligible for state grant funds to advance economic and community development projects across the region. To qualify, the state also required each region to either form a Regional Development Authority to administer those projects or designate an industry-led nonprofit that facilitates public-private partnership to fulfill that coordination role. For the next iteration, READI 2.0, a few of the regions merged, aligning the state into 15 regions altogether.

Most recently, in 2025, as required by Executive Order 25-45, informed by an independent analysis by Indiana University's Indiana Business Research Center,<sup>39</sup> the state formally designated those 15 READI regions as the state's economic regions for purposes of workforce and economic development. Both the initial definition of the regions and the 2025 analysis were informed by commuting patterns; the confirmation of READI regions also recognized that through the first two rounds of READI, local leaders in those regional arrangements had built deep, trusted relationships that strengthened coordination and alignment.

## Common pitfalls, and how to avoid them

### **Pitfall #1: States end up with multiple conflicting “maps” of regions that misalign economic development.**

Based on our scan of public information, 40 states have defined at least one misaligned map of economic regions in addition to its map of EDDs, not to mention other maps for transportation infrastructure, planning, and so on.<sup>40</sup> At best, this means that states have both EDDs and their own set of regions’ intermediaries coordinating economic development initiatives. More often, reality is that states have economic development organizations, local governments, and other partners working to coordinate projects based on the state’s map (if at all, as some maps just end up on a shelf), while another set of organizations with different priorities develops the region’s CEDS every five years. The result is fragmented and misaligned planning and execution that stretch already thin local capacity even thinner.

**How to avoid it:** Beyond confirming a map, state leaders should engage local and regional leaders through focus groups to identify gaps (e.g., rural areas, distressed areas, other geographies across the state), overlaps, misalignment (e.g., mismatch between economic and workforce development regions), and opportunities for greater alignment. Tactically, there may be opportunities, for example, to update the enabling legislation and governing statutes for certain types of state-authorized regional entities (e.g., development authorities, planning commissions) to reduce unnecessary redundancies and improve coordination.

## FROM IDEA TO ACTION

### **Where CEDS and state maps fall short**

As we asked dozens of state leaders about their current approaches to state-regional alignment on economic development, many responded, “We do that!” They pointed to some combination of a map that defines the state’s economic regions and, less frequently, their federally approved EDDs and their CEDS.

Yet we found that across most states, maps of state-defined regions do not match the EDDs—neither of which, in turn, has anything to do with the state’s public strategies or priorities for business attraction, talent development, or site development. Interviews suggest that while leaders in some states are aware of those regional definitions, there is no shared understanding or utilization that allows true alignment on strategy and execution across agencies and workstreams. Meanwhile, CEDS “tend to provide an overview of the region’s economic needs and opportunities,” according to recent analysis by the Center for Cluster Development,<sup>41</sup> spreading limited resources and attention across a patchwork of ideas rather than building a focused plan that aligns with and builds on the region’s assets.

**Pitfall #2: Due to limited capacity and prospects for implementation funding, regional strategies end up not ready for investment.**

This is often the case with CEDS, which over 400 EDDs across all 50 states currently develop and submit to the U.S. Economic Development Administration (EDA).<sup>42</sup> EDDs are eligible for Partnership Planning grants through EDA to support the development and implementation of the CEDS;<sup>43</sup> however, these grants have historically been about \$70,000 annually per region, which is barely enough to cover the salary of one full-time staff person responsible for overseeing the CEDS process, typically across multiple cities and counties.<sup>44</sup> Thus, too often, CEDS end up broad in scope yet lacking in the rigor, depth, and strategic focus that would make a region's strategy attractive to public, philanthropic, and commercial investors.

**How to avoid it:** The state should provide sustained capacity-building grants, complemented by guidance and technical assistance to regions for building investable strategies. Modest funding (\$150,000 to \$300,000 per region per year)

could support one to two staff salaries; data and analytical tools required to rigorously assess the region's economy; and ongoing strategic convening and community engagement to ensure durable alignment as leaders across the region and across sectors work to develop and execute the region's strategy.

**Pitfall #3: Without intention, less-resourced regions continue to fall further behind.**

**How to avoid it:** Especially in fiscally constrained states, leaders should consider allocating capacity-building resources based on specific regional economic indicators; for example, regions' prime-age employment gaps,<sup>45</sup> which provide an easy-to-calculate proxy for regions' levels of economic distress. In other words, less-resourced regions should be priority recipients of state capacity-building dollars, to bring regions closer to a level playing field. In addition, the state can offer valuable technical assistance, such as support in working with industry and employment data, developing investable strategies, and navigating relevant state resources and funding opportunities to advance the region's priorities.

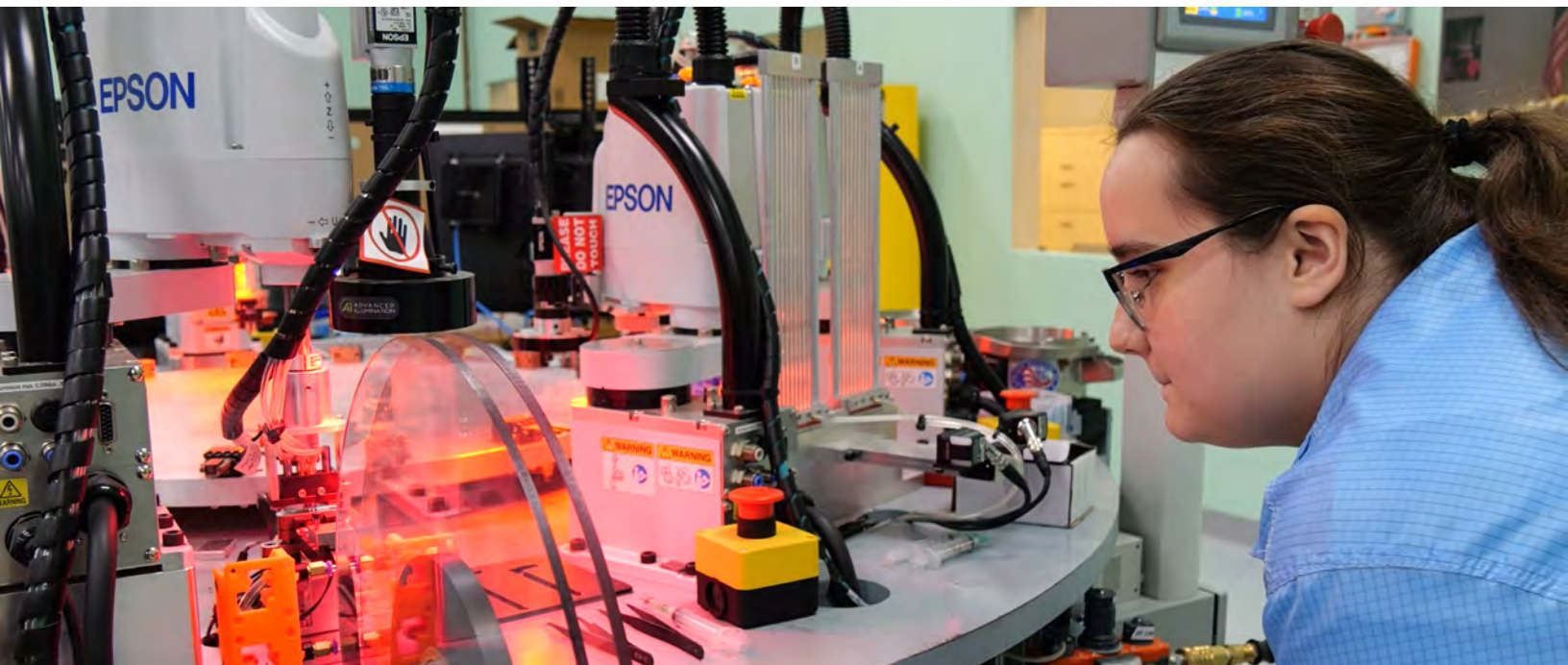


Photo credit: CEOs of Indiana Corporate Partnership

# The importance of tailored capacity-building

A 2025 analysis of New York State's Regional Economic Development Councils (REDC) found a self-reinforcing dynamic: Already competitive, higher-capacity regions were more likely to be able to secure state and other resources—part of which they could reinvest in the region's coordination capacity.<sup>46</sup> By contrast, more distressed regions were likely to be less successful in securing and deploying resources, as REDC programs are focused on incentivizing and supporting shovel-ready projects. That being said, state records show that REDC awards disproportionately go to rural areas: Since the initiative's inception in 2011, 44% of awarded funds have supported projects in rural areas. For comparison, only 13% of the state's population resides in rural areas.<sup>47</sup>

Meanwhile, California established 13 regions and provided each with a \$5 million capacity-building grant to support an 18-month planning process, as the first step of its Community Economic Resilience Fund (later renamed California Jobs First).<sup>48</sup> However, especially in economically distressed regions, the relatively large grant combined with the relatively short funding period overwhelmed local capacity, especially in the absence of data, clear guidance, and tailored support from the state. In at least a few regions, for example, significant portions of the grant were spent on external consultants, as local leaders decided not to build internal capacity without signals of additional funding that would allow them to keep them on staff.

## **Pitfall #4: One-off capacity-building grants fail to build durable capacity.**

In some regions, leaders used short-term capacity-building funds to hire consultants to develop strategies, as they were not guaranteed sustained resources to support in-house staff capacity.

**How to avoid it:** The state ideally commits to providing multi-year capacity-building funding. That, combined with sustained technical assistance (especially for economically distressed regions), can help regions build in-house capacity to develop and execute their own investable strategies. Longer-term, state leaders should explore how they may revise existing tax structures to allow regional revenue-sharing to support coordination capacity.<sup>49</sup>



Photo credit: California Forward

## PLAY #3: ALIGN CAPITAL – COORDINATE PUBLIC, PRIVATE, AND PHILANTHROPIC INVESTMENT AROUND SHARED REGIONAL AND STATE PRIORITIES

### *The critical shift and why it matters now*

Today, states (with the federal government) distribute funding through a “supply chain” of economic development incentives and programs.<sup>50</sup> State incentives total approximately \$30 billion per year, with programmatic investments running into the billions of dollars.<sup>51</sup> The supply chain metaphor is fitting: Local and regional organizations must navigate a patchwork of programs, each of which may not align well with their highest priority needs and opportunities, nor be large enough to marshal shared investment from commercial, philanthropic, and local government funders.

State leaders hold unique power to shift this dynamic by using funding as a carrot to incentivize private and philanthropic co-investment. In practice, **capital alignment involves designing funding opportunities that align substantive resources to support regional “coopetition,”** sending clear signals to leaders in each region to bring forward bigger visions—and bigger bets—to secure state investment for their region’s future. When executed with clear expectations, this healthy competition can provide a uniquely valuable forcing function for collaboration, incentivizing leaders across organizations within a given region to focus on advancing larger shared goals.

How capital alignment occurs in practice will depend on a state’s fiscal space, political environment, and the regulatory and policy levers that economic development agencies control. From a review of ongoing state capital alignment strategies, we suggest four potential options for states to align resources in ways that catalyze regional alignment, at scales that matter, in increasing order of funding amount:

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## States hold governing power. Economies are regional. State success depends on aligning the two.

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These options are not mutually exclusive. States should explore ways to implement combinations of these options, aligning existing and new resources where possible—all toward regionally tailored investable strategies. They certainly do not all need to be implemented at once; a state may choose to begin by piloting the regional approach with its largest sources of performance-based tax incentives, for example, before realigning grants and other types of resources.

## **Aligning resources to maximize local impact in a fiscally constrained**

After the Great Recession, leaders in New York faced an urgent need to improve the state's business climate and expand economic growth amid fiscal challenges. So, then-Governor Andrew Cuomo leveraged a combination of his bully pulpit, executive authority, and existing state resources to reorient the state's economic development toward regionally tailored strategies. Concretely, his administration established 10 cross-sector Regional Economic Development Councils (REDCs) spanning the state; directed each REDC to develop and maintain investment-ready, five-year regional strategies focused on growing traded sector industries; directed the state's quasi-public economic development agency to realign its incentive packages—and later, other state programs—with those regional strategies; and launched a Consolidated Funding Application to help local leaders access those resources.<sup>52</sup>

To date, the state has leveraged the REDC structure to align resources from across 17 state agencies toward regional, cross-sector strategies and priorities. Concretely, through REDCs, the state has awarded more than \$9 billion to over 11,000 projects in every part of the state, all informed by regional needs and expected to create and retain more than 240,000 jobs.<sup>53</sup>

Importantly, given fiscal conditions, New York began its state-regional alignment efforts with only preexisting state resources, including performance-based tax credits and grants to support capital projects. A key to the success and durability of this model was strong, early, governor-level support for regional leadership; in interviews, a regional leader emphasized the value of feeling trusted, heard, and tangibly empowered to inform and shape state investment, as reflected in the state's revised scoring rubric for project proposals. Over the years, as fiscal conditions have allowed, the state has deployed new funding opportunities, many of which have been informed by the proposals included in regional strategies. Most recently, in 2025, the Hochul administration launched a new competitive funding opportunity—Advancing Collaboration for High-impact Initiatives for Economic Visions and Expansion, or ACHIEVE—to support more transformative regional initiatives.

### What it takes

- **Authority:** Executive authority for initial inventory; legislative support needed for new funding.
- **Budget:** Varies (see table above).
- **Capacity:** Varies (see table above).
- **Timeline:** Initial inventory and rubric completed within six months, greater alignment in funding flows as early as year one.

### Where to start

1. The governor should sign an executive order assigning the state secretary of commerce (or equivalent) the task of **inventorying the state's major economic development programs** (e.g., tax and grant incentives, site development investments, workforce development grants).
2. The secretary of commerce (or equivalent), with the governor's support, should **design and publish a clear rubric**, at least for the state's major economic development spending programs, that incentivizes projects aligned with regional strategies. This rubric should be designed to be applicable for assessing prospects and expansions that are aligned with regional strategies.
3. Per the executive order, the secretary of commerce (or equivalent) should begin **identifying major tax incentives and other economic development spending** by the economic development agency and also begin exploring opportunities to align those resources to regional strategies. This process will inform later efforts to examine other potentially relevant funding sources from other programs across other agencies.

4. The governor, with regional support, should include a budget request for **catalytic cluster-building grants and/or a multi-year two-phase challenge grant competition**, as described in this section. Specific design of the grants and competitions will vary depending on the state and potential funding available, but potential awards should be right-sized to be catalytic for regional alignment.

### Common pitfalls, and how to avoid them

#### **Pitfall #1: Unhealthy inter-region competition without guardrails fuels existing inequities between regions.**

Higher-capacity regions are inherently more likely to be well-positioned to meet state requirements for securing funding. Without intentional design, region-based approaches can risk perpetuating unbalanced outcomes between larger, higher-capacity regions and less-resourced counterparts, regardless of their latent competitive assets and opportunities.

**How to avoid it:** The state should design and deploy well-defined funding opportunities—with public scoring rubrics, transparent evaluation processes, and clear communication and technical assistance—that target different types of regional needs, such as for catalyzing innovation in the state's larger and midsized hub regions to make and keep them globally competitive, and for building foundational assets in more distressed regions to grow traded sector opportunities. Then, across the full portfolio of funding opportunities, the state should conduct periodic reviews of economic development spending across regions to ensure balance and reach, including to the state's rural and economically distressed areas.

# Competition, in moderation, can catalyze bigger visions

In the early days of New York's Regional Economic Development Councils, all funding was distributed among regions on a competitive basis: Once a year, the state would award each region a certain package of grants, incentives, and other resources. This design inherently pitted regions against each other; according to some local leaders, it reinforced zero-sum mindsets between regions. Recognizing these harmful dynamics, over the years, the state has redesigned the funding process to distribute funding on a more ongoing basis, making real-time award announcements program by program and reducing emphasis on cross-region competition. However, in recent years, both state and regional leaders have observed reduced excitement around building and In the early days of New York's Regional Economic Development Councils, all funding was distributed among regions on a competitive basis: Once a year, the state would award each region a certain package of grants, incentives, and other resources. This design inherently pitted regions against each other; according to some local leaders, it reinforced zero-sum mindsets between regions. Recognizing these harmful dynamics, over the years, the state has redesigned the funding process to distribute funding on a more ongoing basis, making real-time award announcements program by program and reducing emphasis on cross-region competition. However, in recent years, both state and regional leaders have observed reduced excitement around building and pursuing big bets.

Thus, to create an impetus for more transformative visions and catalytic, larger-scale projects, as well as cross-regional collaboration, the Hochul administration has launched a \$150 million Advancing Collaboration for High-impact Initiatives for Economic Visions and Expansion (ACHIEVE) competition. Most recently, in late 2025, the state announced investments in four catalytic proposals across four regions, including:<sup>54</sup>

- Long Island's Regional Commercialization Corridor to leverage the region's research institutions, proximity to New York City's capital and innovation networks, and advanced manufacturing supply chains to "become a national leader in commercialization of 'hard-tech.'" The \$30 million proposal offers integrated solutions to address regional and statewide "pain points" in commercialization by better preparing researchers to launch ventures, improving access to global networks, and offering purpose-built industrial space for pilot-scale production. Together, these initiatives are expected to accelerate startup growth in the region's four "right-to-win" hard-tech sectors: aerospace, defense, clean energy, and cyber-physical systems.
- The Mohawk Valley's \$32 million proposal to build on the region's tourism and agri-business assets to become a model for rural resilience and community reinvestment. Bridging a six-county region, the proposal is anchored by three key projects: 1) the revival of a historic mineral spa village in a rural, distressed downtown; 2) the establishment of a first-of-its-kind, carbon-negative greenhouse system to support food systems and soil regeneration; and 3) the revitalization of Utica's historic downtown through adaptive reuse.

# Match is key

In Virginia, independent analysis by the Joint Legislative Audit and Review Commission found that use of GO Virginia funds increased after the GO Virginia State Board reduced overall match requirements and eliminated the local match requirement.<sup>55</sup> This shift likely suggests a capacity

barrier for regions wanting to access these resources. To ensure that rural and economically distressed areas, especially, have a fair chance to access these resources, it may make sense for the state to fully eliminate the match requirement for those regions.

## FROM IDEA TO ACTION

# How states can ensure fair access for less-resourced regions

As discussed in **Play 2**, without intentional design and implementation, regionally aligned state investments can reinforce inequality between already competitive regions and less-resourced, more economically distressed regions. To mitigate this dynamic, states should consider the following design choices:

- Allow regions to use locally trusted intermediaries, rather than imposing standardized structures or lead entities.
- Invest in long-term regional capacity-building, not just projects, as discussed in **Play 2**.
- Build in flexibility for the types of regions' project proposals, including supporting shared services and pooled capacity across smaller organizations, allowing flexible hiring, and investing in foundational ecosystem assets.
- Build in flexibility for the scope and scale of regions' project proposals, reflecting local market realities; smaller job creation and wage growth figures, for example, have outsized impacts in distressed places.
- Reduce or eliminate match requirements and/or allow nontraditional collateral approaches for rural, Tribal, and economically distressed areas.<sup>56</sup>
- Spend time traveling across different parts of the state, especially rural, Tribal, and distressed areas, to ensure awareness of funding opportunities, communicate clear expectations and timelines, encourage full participation, and be responsive in addressing barriers to participation.
- Designate state staff to support distressed regions' strategy development processes (e.g., providing data analysis support).
- Provide state investments upfront, not on a reimbursement basis.

**Pitfall #2: A mismatch between the scale of expected outcomes and the scale of investment breeds resentment.**

Interviews with local and regional leaders suggest that even awards of \$5 million to \$10 million would not be enough to catalyze regional alignment around an investable strategy. Indeed, a \$10 million grant would barely be enough to provide a meaningful down-payment on an integrated regional strategy that includes, for example, an infrastructure project building a workforce center that offers training and wraparound services; an upgraded, industry-aligned job training curriculum; or ecosystem navigation services for startups and growth-stage businesses to strengthen the supply chain.

**How to avoid it:** The state needs to deploy substantive implementation resources over at least three years if it wants to incentivize regional stakeholders to deliver strategies at greater scale. It must also set and communicate fair, reasonable expectations for the amount of funding available and what regional leaders should execute with it.

**PLAY #4: LEARN AND SCALE – MEASURE OUTCOMES, LEARN FROM PERFORMANCE, AND REALLOCATE RESOURCES TOWARD STRATEGIES THAT DEMONSTRATE IMPACT**

*The critical shift and why it matters now*

State economic development efforts involve substantial spending of taxpayer dollars, from tax incentives and workforce programs to infrastructure and innovation funding. However, we have yet to find a state with rigorous metrics and mechanisms to assess whether those investments are improving economic outcomes and, importantly, states that use those insights to inform further investment decisions. Most rely on tracking “jobs created”—that is, anticipated job creation announced at ribbon cuttings—which is important and politically attractive. But it reveals little about actual job creation, the quality of those jobs, or broader regional conditions such as the talent base, innovation capacity, and supply chain strengths that shape whether regional economies can generate durable prosperity.

To seize the opportunity of rapid advances in data system capabilities, the critical task ahead is for state and regional leaders to jointly develop processes that are learning-first,<sup>57</sup> prioritize

performance improvement over compliance, and align stakeholders around clear priorities while allowing flexibility for regional tailoring. All of that should support clear priority outcomes for the state economy, as reflected in clear, compelling indicators that reflect the governor’s priorities for the economy as a whole. Suggested long-term outcome metrics—which can then be used identify areas needing targeted attention—include:

- **Prime-age employment rate** (the share of adults age 25 to 54 that are employed): This measure is simple to calculate using public data, but does not account for costs of living.
- **Share of families making ends meet** (share of households whose income is greater than the local cost of living): Addresses affordability, but requires more detailed calculations of the locally adjusted cost of living.
- **Median income growth:** Simple to calculate and accounts for growth in higher-paying jobs, but does not account for cost of living.

A clear, state-level priority outcome can then empower regional leaders to define their own project-specific outcomes and leading indicators that are aligned with those long-term objectives. As we've seen in federally funded regional cross-sector coalitions,<sup>58</sup> it is those project-specific leading indicators that allow proactive monitoring and strategic pivots as needed (see the Performance Management section of "The coalition imperative" report).

### *What it takes*

- **Authority:** Executive authority to define priority outcomes, shift organizational culture, and build and maintain a shared platform.
- **Budget:** Two to three full-time employees.
- **Capacity:** Data collection and management capabilities.
- **Timeline:** Begin seeding culture shift within the first two months; proto-version of data and evaluation infrastructure in the first 18 months.

### *Where to start*

1. In a speech early in the new term, the governor should **identify and communicate the state's priority outcomes**, to shape the economic development priorities as well as the state's overall economic strategy. This communication should be paired with a directive that elevates the importance and builds a culture of learning and adaptation (e.g., encouraging use of leading indicators, pilots, and pivots) while reducing unnecessary compliance burdens.
2. The state secretary of commerce (or equivalent) should **build or designate a team** of at least one to two skilled, full-time staff to begin operationalizing the governor's directive, beginning with workshops and focus groups with regional leaders, particularly those that have received federal, coalition- and place-based economic policy grants under the Biden or Trump administrations; many of them have gained extensive experience navigating both the

challenges of onerous reporting requirements as well as the opportunities of outcomes-based performance management. This process should include reviewing existing policies and procedures to repeal those that make current processes unnecessarily onerous while still ensuring public accountability and transparency.

### *Common pitfalls, and how to avoid them*

#### **Pitfall #1: Adding performance metrics and reporting requirements without a clearly articulated purpose ends up unnecessarily burdening local and regional leaders.**

When federal agencies launched their recent place-based economic development competitions, they often required regional coalitions to define and report on their own outputs, outcomes, and impacts. Though well-intended, the onerous reporting requirements quickly became burdensome and demanded significant time, effort, and capacity. Moreover, according to leaders in these coalitions, fulfilling these requirements—with minimal clarity on how the data would be used or by whom—also dampened coalition members' enthusiasm for tracking performance metrics and using that data.

**How to avoid it:** The governor and other state leaders should ensure that processes are intentionally designed to incentivize learning, such as by rewarding well-designed pilots—regardless of their direct outcomes—and decisions to pivot based on their performance.

#### **Pitfall #2: The state defines key metrics and indicators that fail to capture regional variation in needs and opportunities.**

Regions—for example, those anchored by large metro areas versus rural areas—may vary significantly, by orders of magnitude as well as the types of outcomes that are desirable. A system that is structured to reward growth by absolute numbers will often inherently reward more highly populated regions, while failing to capture disproportionately significant increases in resilience and job quality in less populated regions.

**How to avoid it:** In building the state's shared data platform, state staff must intentionally engage local and regional leaders from rural regions through focus groups to ensure that the platform created is adaptive enough to meet their needs. Initial design considerations may include accounting for change in both numbers and shares and including metrics that reward resilience alongside growth.

**Pitfall #3: Unclear goals and success metrics can confuse and hinder regional collaboration.**

**How to avoid it:** The governor should clearly articulate the state's priority objectives and outcomes to align regional efforts, while still allowing flexibility for regional stakeholders to define their own locally tailored priorities and strategies.

## Clarity on core objectives strengthens regional alignment

In 2021, as part of the California's pandemic recovery effort, Governor Gavin Newsom established the Community Economic Resilience Fund (CERF), which would later be renamed the California Jobs First Regional Investment Initiative. Supported by surplus American Rescue Plan Act funding, the initiative was designed to advance major priorities<sup>59</sup> to ensure inclusive recovery and “support communities with the transition to more sustainable, climate-forward industries while strengthening access to good jobs.” To advance these goals through efforts grounded in broad-based community engagement, the state established 13 economic regions,<sup>60</sup> each represented by a coalition of representatives from across 13 stakeholder groups, including but not limited to labor organizations, businesses and business associations, community-based organizations, economic development agencies, philanthropic organizations, education and training providers, environmental justice organizations, disinvested communities, and Native American Tribes.

Then, in 2023, state leaders renamed the program California Jobs First, affirming the creation of good jobs in tradeable sectors as the program's primary goal. In 2025, the state also published a blueprint that provided greater clarity and focus on state-level priority sectors.

Interviews with regional and state leaders suggest that the program's design and implementation fueled friction and some confusion across agencies and regional coalitions, as stakeholders operated with different priorities, resulting in:

- **Cross-agency fragmentation:** The program was run out of three separate departments, each operating with different mandates and success metrics (e.g., job creation, workforce preparedness, and advancing a transition toward a clean economy).
- **Competing regional priorities:** The 13-plus stakeholder groups often had different, sometime conflicting opinions about the process and their vision for the region. For example, across some regions, employers and business leaders left the table because they felt the heavy emphasis on broad community engagement processes had diluted a focus on good jobs that would have motivated more private sector engagement.
- **State-regional disconnects:** The rebranding in 2023, midway through implementation, exacerbated uncertainties about the program's true intended goals and its long-term direction.

By comparison, New York's Regional Economic Development Councils' clear focus on growing good jobs in traded sectors and Indiana's READI program's focus on investing in regions' quality of life—as the basis for growing good jobs and retaining talent—have provided foundations for durable state-regional alignment.

## PLAY #5: RUN AS ONE TEAM – INSTITUTIONALIZE STATE-REGIONAL COORDINATION ACROSS AGENCIES AND REGIONS TO ENSURE DURABLE ALIGNMENT AND EXECUTION

### *The critical shift and why it matters now*

For decades, most states have had specialized economic development agencies built to attract businesses to locate and/or expand within their borders.<sup>61</sup> Meanwhile, separate state agencies handled issues such as workforce, housing, transportation, and education. But the scope of economic development has shifted, especially in recent decades; for example, states are increasingly aligning—and sometimes consolidating—their economic and workforce development goals and systems.<sup>62</sup>

Amid accelerating forces affecting the economy, the time is now for incoming governors to build more agile, adaptive economic development capacity to advance regionally tailored state priorities. More concretely, this state capacity would have three core, mutually reinforcing responsibilities:

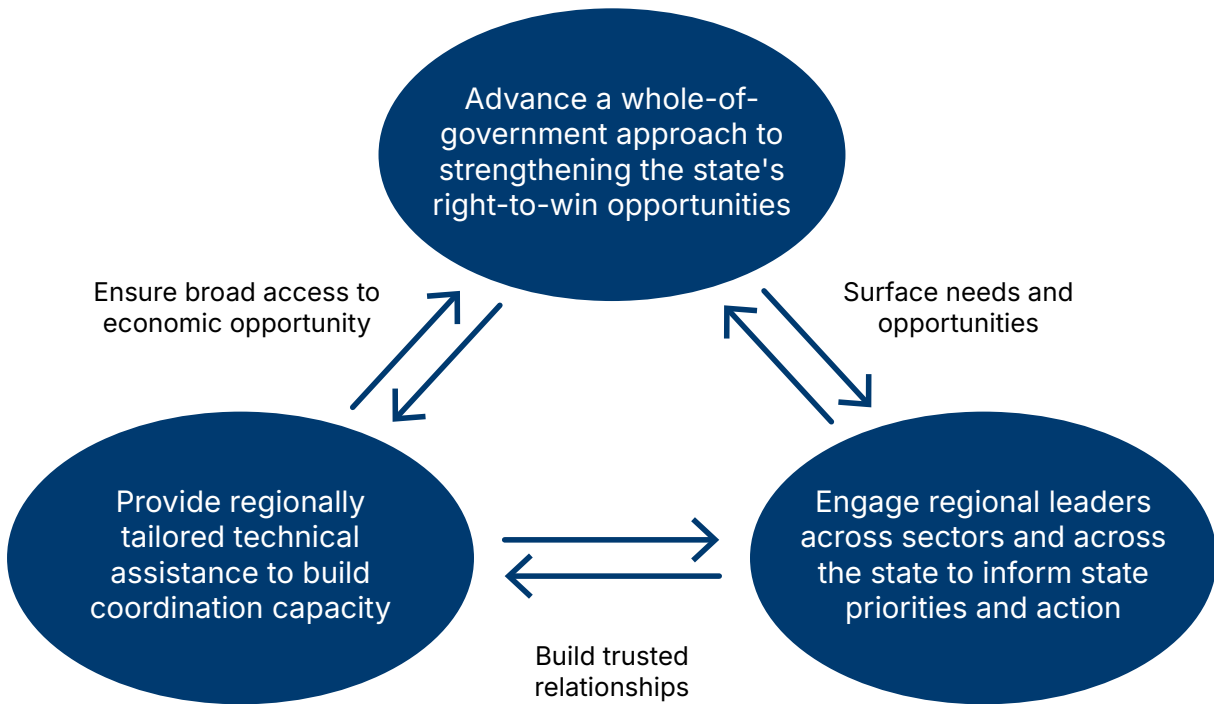
- **Advance a whole-of-government approach to strengthening the state’s right-to-win opportunities:** Staff should take a proactive approach to align state resources to grow and attract firms in these areas and strengthen the regional ecosystems supporting their resilience. Key responsibilities may include providing concierge-style support to firms and supply chain partners; overseeing the execution of statewide strategies related to talent, sites, and innovation capacity; and coordinating priorities and funding streams across state agencies to reduce unnecessary duplication.
- **Engage regional leaders across sectors and across the state to inform state priorities and action:** State leaders should regularly engage local and regional leaders across business, workforce, higher education, philanthropy, and community-based nonprofits to improve the implementation of the state strategy by surfacing gaps, needs, and opportunities. Such

coordination may occur through opportunity-specific advisory boards, complemented by deeper relationships between state leaders and key regional organizations.

- **Provide regionally tailored technical assistance to build coordination capacity:** Interviews with regional leaders suggest that, too often, state and federal economic development staff focus primarily on their largest cities and their largest firms as the most visible drivers of economic growth. Yet ignoring rural areas can fuel political resentment while limiting the state’s opportunities to activate the tremendous human, entrepreneurial, and natural assets that exist in those communities.<sup>63</sup> Indeed, to address this dynamic, many states, including Kansas, Michigan, and Wisconsin, have begun establishing Offices of Rural Prosperity (or an equivalent). Partnerships with Tribal communities may offer additional capacity in areas such as infrastructure and education for rural areas adjacent to Tribal land.

### *What it takes*

- **Authority:** Executive authority; in the longer term, consider establishing a quasi-public entity (if the state does not already have one) with legislative support.
- **Budget:** Four to six full-time employees, including staff capacity required for implementing the other “plays” (e.g., defining right-to-win opportunities, strengthening regional capacity).
- **Capacity:** See sidebar below.
- **Timeline:** Build the core state-regional team in the first six months, sustaining and strengthening trust over time.



## FROM IDEA TO ACTION

# What makes an ideal hire for a state-regional economic development team?

For most states, improving state-regional alignment for economic development will require and represent a shift in their way of working. To do it well, a state will need to build its own capacity—with a focus on quality, not quantity—to build trusted relationships, improve systems to increase alignment and reduce duplication, and deliver positive outcomes.

Through extensive interviews and ongoing engagement with leaders pursuing economic transformation in states and regions, Brookings has observed certain attributes in leaders that tend to thrive.<sup>64</sup> These attributes include:

- Cross-sector expertise, including experience in the business sector.

- A naturally collaborative orientation and strong communication skills toward a diverse range of stakeholders, including with skeptical audiences.
- Comfort navigating unstructured environments.
- A strong sense of accountability and trust-building.
- An evidence-based, outcomes-driven mindset.
- Experience and trusted relationships working with communities in rural, Tribal, and/or more economically distressed parts of the state.

More role-specific details are available in the **Appendix**.

## Where to start

1. The governor should establish an **Economic Transformation Team** in the governor's office (unless there is an existing similar entity in the economic development agency or equivalent, in which case that office's importance should be elevated), with a mandate to work with each of the state's regions to grow good jobs and access to economic mobility. It should be established with dedicated staff (e.g., a Regional Prosperity Team) to support the state's rural and economically distressed areas, which are too often a low priority in the context of state economic strategies.
2. This **Economic Transformation Team** should support the state secretary of commerce (or equivalent) and the state Department of Economic Development (or equivalent) to begin implementing the steps related to **Plays 1, 2, 3, and 4**.
3. This **Economic Transformation Team** should be tasked with reviewing the state's current institutional structure to determine if the state is positioned to coordinate strategy, align capital, and maintain accountability, including necessary inter-agency coordination.

## Common pitfalls, and how to avoid them

### **Pitfall #1: Coordination tools without purpose add unnecessary bureaucracy and erode trust.**

Interagency task forces, for example, can add directionless meetings and layers of process without improving outcomes and decisionmaking. Meanwhile, an inadequately defined cabinet-level role, such as a chief innovation or transformation officer, can raise concerns around transparency and accountability to state mandates and priorities.

**How to avoid it:** In establishing the Economic Transformation Team (or equivalent), the governor should articulate a clear purpose and scope of responsibilities, including clarity on its relationships to and interactions with other offices and agencies shaping economic development.

### **Pitfall #2: Without durable structures, each new gubernatorial transition disrupts priorities, services, and trust.**

The institutional structure through which states organize and sustain regional economic transformation matters enormously; entity design shapes whether initiatives can survive gubernatorial transitions, coordinate across agencies, hire competitively, accept and deploy private and philanthropic capital, operate at the speed of business, and maintain public accountability. Different states will require different institutional arrangements.

**How to avoid it:** States should evaluate which institutional structure—or combination of structures—is best suited to sustain coordination, align capital, and execute regional strategies over time, depending on their own legal context, political culture, and existing civic infrastructure (see sidebar below).

# Choosing the right institutional structure

States pursuing long-term regional economic transformation must determine what institutional structure is best suited to coordinate strategy, align capital, and sustain execution over time. Different structures offer different advantages and constraints depending on state law, political conditions, and implementation goals.

Several of the models in this playbook are “hybrids” that combine the efforts of a state executive office or quasi-public corporation with a regional coordination structure that ensures greater state-regional alignment.

Structure	Strengths	Tradeoffs	Best suited for	Example
<b>Executive office initiative</b>	Strong gubernatorial authority and visibility; easier to align agencies quickly	Vulnerable to administration changes; limited insulation from politics	Launching new statewide priorities rapidly; multi-agency coordination	California GO-Biz; Pennsylvania Office of Transformation and Opportunity; Colorado OEDIT
<b>Quasi-public corporation</b>	Greater operational flexibility; ability to hire competitively and coordinate with private sector; can deploy significant capital	Requires strong accountability and transparency systems	Long-term coordinated implementation of economic development incentives, programs, and tools	Empire State Development (New York); Indiana Economic Development Corporation; Virginia Economic Development Partnership
<b>Nonprofit or public-private partnership</b>	Can receive philanthropic and private funding (along with public); politically flexible; ability to hire competitively	May lack formal state authority or oversight	Strategy development, regional convening; some business-facing functions like incentives deployment	Team Pennsylvania; JobsOhio
<b>Regional coordination structure</b>	Enables multi-jurisdictional collaboration and local ownership	Capacity varies significantly across regions	Aligning state investment to regional implementation	Indiana READI; GO Virginia; New York REDCs; California Jobs First
<b>Public department or agency</b>	Greater durability across administrations	Slower and more politically complex to establish	State program management	State departments of commerce and economic development

# The challenges of cross-agency alignment

GO Virginia is overseen by a public-private board and administered by the Department of Housing and Community Development (DHCD), which is separate from the Virginia Economic Development Partnership (VEDP), the commonwealth's quasi-public economic development entity. In addition, the governor's office, the Virginia Innovation Partnership Corporation (VIPCO), and other entities also oversee key programs, policies, strategies, and initiatives relevant to regional economic transformation. While this multi-entity structure can introduce complexity, Virginia has put in place several coordination mechanisms to promote alignment across agencies and levels of government.

**Strategic planning** is a primary vehicle for this alignment. VEDP updates the commonwealth's Strategic Plan for Economic Development every two years, engaging DHCD and GO Virginia regions, other state agencies, administration officials, and local and regional stakeholders to identify shared priorities, target industries, and opportunities for cross-agency collaboration. In parallel, GO Virginia Regional Councils update their regional plans, with close coordination between VEDP, other state entities, and local and regional stakeholders to ensure consistency on target industries and cluster development strategies across state and regional plans. Agencies are routinely consulted during each other's planning processes to align strategies and identify initiatives where resources and programs can be jointly leveraged.

**Governance and oversight** of VEDP and GO Virginia also strengthen this alignment. The GO Virginia board chair serves on the VEDP board, and both boards include key cabinet members (most notably, the secretary of commerce and trade), and representation from the General Assembly House and Senate finance committees to ensure strong executive and legislative branch coordination.

Operational alignment is further reinforced through GO Virginia's **regional grant review process**, which incorporates subject matter experts from VEDP and other state agencies in the evaluation and award of grants. This structure both strengthens project design and creates an ongoing forum for cross-agency coordination around regional priorities. Together, these planning and governance practices position GO Virginia's regional infrastructure as a key asset driver within Virginia's economic development ecosystem, mitigating fragmentation and aligning funding, strategies, and initiatives.



Photo credit: CEOs of Indiana Corporate Partnership

## III. THE PATH FORWARD

Taken together, these strategic moves are designed to enable states to empower leaders in their regions to advance durable visions and investable strategies for future prosperity.

On the ground, if implemented well, state leaders could be more trusted, informed decisionmakers. In regions, workers and business owners could be better connected into resilient pathways to prosperity as the nation enters a new technological and industrial era. Especially in economically distressed areas, it would help reconnect workers and families to these pathways in ways that can have tremendous generational impacts.

In offering this playbook, we recognize that these strategic moves are far from exhaustive of the reforms and investments needed to address all the pressing challenges facing the country. Nor is this playbook a silver bullet for prosperity. What it does offer is a roadmap to structural economic reform: a system for locally informed, region-led, and state-enabled strategies that grow good jobs and connect workers to opportunity. In a moment of fiscal constraint, this approach can help unlock and align significant private investment while expanding the tax base through greater growth. And in a moment of economic pessimism, it offers elected officials a practical pathway to rebuild confidence that economic development can create broad-based opportunity.

# APPENDICES

## APPENDIX 1: SAMPLE STATE RUBRIC FOR REGIONAL ECONOMIC STRATEGIES

<b>Economic impact (20 pts)</b>	
Precise problem diagnosis and definition: The strategy should demonstrate a rigorous, coherent understanding of the root causes of the gaps, barriers, and bottlenecks posing challenges to growing good jobs in the region, both on the supply side (lowering affordability, cost of living) and the demand side (growing high-wage jobs in strategic sectors).	8 pts
Strategic coherence of interventions: The strategy should articulate an integrated set of key investable projects that address the region's most pressing challenges, reduce unnecessary duplication, and increase cross-sector, cross-jurisdictional alignment.	8 pts
Alignment with state strategy: The strategy should demonstrate alignment with the state strategy, particularly its North Star sectors, articulating how the region's strategy and key projects will contribute to the state's economic competitiveness and opportunity.	4 pts
<b>Regional collaboration (10 pts)</b>	
Cross-jurisdictional partnerships and coordination: The strategy should demonstrate strong, meaningful participation from all localities in the region in strategy development and implementation, increasing coordination—not duplication—among existing initiatives.	5 pts
Cross-sector partnerships and coordination: The strategy should demonstrate strong, meaningful participation from businesses, colleges and universities, community-based organizations, and other entities within the region in identifying the region's key challenges and implementing interventions.	5 pts
<b>Project readiness and feasibility (10 pts)</b>	
Timeline and milestones: The strategy and its projects should reflect a realistic timeline for milestones, with drawdowns planned accordingly, informed by the demonstrated experience of project implementers' track record and work completed to date.	5 pts
Budget and match: The strategy should include a comprehensive budget with relevant, adequate, and well-documented match resources (cash and in-kind). Requirements should be reduced or eliminated for economically distressed regions.	5 pts
<b>Performance and learning (10 pts)</b>	
Outcomes-oriented metrics: The strategy should define region-specific, action-oriented key performance indicators, including leading indicators, short-term (one to two year) outputs, and longer-term (three to five-plus year) outcomes.	5 pts
Learning mechanism: The strategy should define a plan for periodically assessing key projects to learn from ongoing experience, grow high-performing initiatives, and pivot from underperforming ones.	5 pts

## **APPENDIX 2: KEY ATTRIBUTES, SPECIFIC POSITIONS, AND JOB DESCRIPTIONS FOR AN OFFICE OF ECONOMIC TRANSFORMATION AND REGIONAL PROSPERITY TEAM**

### *Key attributes:*

- **Cross-sector expertise**, having held a mid- to senior-level role in the business sector (ideally in a relevant industry), plus at least one in higher education, government, philanthropy, or other nonprofit.
- **Naturally collaborative orientation**, willing to share ownership, credit, and responsibility with partners both within the state (across agencies) and outside the state (across regions and sectors).
- **Comfort navigating unstructured environments** and, when needed, pivoting and making decisions with incomplete information or unknowns, given that economic transformation inherently requires building pathways beyond what currently exists.
- **Excellent written and verbal communication skills**, including a willingness to invest time and effort into engaging especially with skeptics to build innovative, robust ideas and systems.
- **Strong sense of accountability**, demonstrated in a track record of following through on promises and commitments to deliver significant, measurable outcomes.
- **Evidence-based and outcomes-driven mindset**, with a demonstrated commitment to making rigorous decisions informed by both quantitative and qualitative data.

*Specific positions and descriptions:*

Role and description	Responsibilities	Minimum qualifications
<p><b>Chief economic transformation officer</b> works closely with the governor to lead and oversee the state's efforts to grow economic competitiveness and opportunity.</p>	<p>Collaborate with state and regional colleagues and partners to execute the state's North Star vision for economic development.</p> <p>Maintain strong, collaborative relationships among a broad set of cross-sector stakeholders across the state.</p> <p>Strengthen the capacity of the state and its regions to implement transformative strategies and solutions.</p> <p>Monitor the state's performance on relevant initiatives and course-correct when needed.</p>	<p>Bachelor's degree in a relevant field (e.g., policy, economics, business) or equivalent experience.</p> <p>Demonstrates bold vision, extending beyond what any single organization can achieve alone.</p> <p>Aptitude for moving people to embrace new approaches and mindsets.</p> <p>Collaborative leadership style that empowers others and earns trust.</p> <p>Experience working effectively with senior government, community, and/or private sector leaders.</p>
<p><b>Regional partnerships manager</b> serves as a primary point of contact for regional leaders developing and executing their regional strategies, providing tailored support and access to resources.</p>	<p>Be the primary relationship manager for key stakeholders in the state's economic regions.</p> <p>Diagnose regional needs and opportunities by maintaining a deep understanding of local economic conditions, assets, challenges, and capacity.</p> <p>Provide tailored support to regions in developing, refining, and executing regional economic strategies, ensuring alignment with state priorities and funding opportunities.</p> <p>Facilitate cross-region learning networks to share best practices and foster inter-regional collaboration.</p>	<p>Bachelor's degree in a relevant field (e.g., policy, regional planning, business) or equivalent experience.</p> <p>Experience working in local government or related sector, preferably in a rural area.</p> <p>Demonstrated ability to build and sustain trust-based relationships with senior public, private, philanthropic, and community leaders.</p> <p>Experience managing complex, multi-stakeholder projects from concept through implementation.</p> <p>Ability to handle sensitive and confidential information with discretion.</p>
<p><b>Senior analyst</b> supports the strategic planning and implementation of state initiatives for economic competitiveness and opportunity by combining rigorous research, stakeholder engagement, quantitative analysis, and strategic thinking.</p>	<p>Lead rigorous quantitative and qualitative research on state- and region-level industry, workforce, and other economic trends.</p> <p>Synthesize data, literature, and case studies into clear insights, options, and recommendations to support decisionmaking.</p> <p>Translate stakeholder input from state and regional partners to inform recommendations.</p> <p>Build and maintain accessible tools that track performance indicators, identify emerging opportunities, and inform decisionmaking.</p>	<p>Bachelor's degree in a relevant field, plus at least two years of analytical work experience.</p> <p>Passion for applying data and strategy to help address challenges.</p> <p>Excellent ability to synthesize complex information, formulate recommendations, and communicate findings to a range of audiences.</p> <p>Thrives in fast-paced, dynamic environments with many cross-sector stakeholders.</p>

## APPENDIX 3: STATE CASE STUDY – VIRGINIA

### Overview

Established under then-Governor Terry McAuliffe, Growth and Opportunity Virginia (GO Virginia) is a bipartisan, business-led state economic development program designed to strengthen cross-sector collaboration to grow and diversify Virginia's economy. Codified in 2015, GO Virginia provides a durable, statewide framework for aligning strategies and resources around regional priorities. With an annual budget of \$30 million, GO Virginia supports regional capacity-building, strategic planning, and catalytic implementation projects and cluster-building initiatives across all nine economic regions of the commonwealth.

### Origins and first steps to implementation

In 2015, Virginia's top business and education leaders in the Virginia Business Higher Education Council and the Council on Virginia's Future spearheaded the effort to launch GO Virginia, driven by concerns about overreliance on federal spending and a need to drive private sector growth, job creation, and workforce readiness. By January 2016, GO Virginia had public support from over 80 organizations, including statewide and rural private sector associations, higher education institutions, and local and regional economic development and planning organizations. In May, the state's General Assembly passed the Virginia Growth and Opportunity Act, formalizing the GO Virginia board and a process for the establishment of regional councils and the distribution of grant funding. By the end of 2016, the GO Virginia board had established the state's nine regions, and the state assembly had appropriated an initial \$35 million over two years to support regional planning and implementation.

### Key program details

- **Goals:** Grow good jobs, strengthen cross-sector collaboration, and diversify regional economies.
- **Oversight:** GO Virginia board (a statewide, cross-sector board that includes 14 private sector representatives, seven legislators, and three cabinet members)
- **Implementing entity:** Virginia Department of Housing and Community Development
- **Regional structure:** Nine economic regions, each with a Regional Council
  - Each Regional Council is business-led, with representatives from industry, workforce and higher education, civic organizations, and local government.
  - Each Regional Council must set regional priorities, update strategic plans every two years, and help develop project proposals.
  - Each region also has a Regional Support Organization that handles administrative and programmatic functions to enable effective strategy development and execution.
- **Funding:** \$30 million per year, via appropriations (0.004% of gross state product)
  - \$2.25 million for planning and capacity-building grants (\$250,000 per region)
  - \$17.6 million in implementation grants, distributed per capita across regions
  - \$10.1 million in competitive implementation grants
- **Match:** 2:1 non-state match required, with at least 20% or \$500,000 coming from local governments; waivers available upon request for fiscally distressed communities or others providing justification.

### Key mechanics

- **Source of authority:** The enabling legislation that set up the GO Virginia program, including the overseeing public-private board, the designated fund (from which planning, capacity-building, and implementation dollars are distributed), the region and regional council structures, and guidelines for types of regional activities eligible for GO Virginia funding: <https://law.lis.virginia.gov/vacodefull/title2.2/chapter24/article26/>
- **State code establishing the GO Virginia Fund:** Code governs the GO Virginia Fund and requires funding to be distributed across regional planning and capacity-building grants, per capita implementation grants, and competitive grants: <https://law.lis.virginia.gov/vacode/2.2-2487/>
- **Latest budget:** <https://budget.lis.virginia.gov/item/2025/1/HB1600/Chapter/1/103/>
- **Guidance for regions:** Guidelines for regional councils regarding their regional plans, their regional council and regional support organization structure, and the state certification process of those regional governance structures, etc.: <https://www.dhcd.virginia.gov/sites/default/files/DocX/gova/regional-materials/gova-regional-council-guidelines-update-2025.pdf>

### *Key outcomes*

- **Job creation and business growth and creation:** According to the state: “Since 2017, GO Virginia has played a pivotal role in creating 1,200 new businesses, expanding another 1,200 businesses, and generating 25,000 jobs.” It has supported 213 projects with \$77 million in state funding, leveraging \$85 million in non-state match. Assisted firms have successfully accessed more than \$650 million in new capital (debt and equity). Project leads have successfully attracted more than \$150 million in follow-on non-state funding.
- **Job retention and skills training:** GO Virginia investments have helped retain 12,500 jobs and trained 57,000 Virginians, and built capacity for more than 3,000 new work-based learning opportunities.
- **Improved regional collaboration:** 85% of implemented projects involved “more local partners than required”; more specifically, 82% of “sampled implementation projects involved additional collaboration with local entities that were not required by the program, mainly local non-profits or private businesses,” according to an evaluation by the Joint Legislative Audit and Review Commission (JLARC).<sup>65</sup> The report continues: “The majority of individuals and organizations interviewed by JLARC staff reported that they believed the program had improved regional collaboration, including representatives of state and regional workforce and economic development organizations. In addition, 77 percent of local economic development officers responding to a JLARC survey reported that GO Virginia had improved collaboration in their region.”
- **Unlocked larger, more impactful projects that would not have happened without GO Virginia:** According to the JLARC evaluation, most local and regional leaders agree that “without GO Virginia funds...a majority of projects would not have happened or, at best, would have moved forward with a reduced scope or at a slower pace.” In many cases, that is due to a “lack of alternative funding sources” for these catalytic projects, such as the development of new workforce development initiatives, smaller business sites, or targeted one-time support for startup incubators and accelerators. These catalytic projects include:
  - **Regional Acceleration and Mentoring Project (RAMP):** With \$245,000 in GO Virginia funds, leaders in the Blacksburg-Roanoke-Lynchburg region have strengthened the capacity of a technology startup accelerator, supporting the expansion of 13 businesses and creating two more; administrators expect that RAMP will support the creation of 675 jobs in its first five years, building a foundation for the region’s future growth in the technology sector.
  - **Pharmaceutical manufacturing cluster scale-up:** With a \$1.4 million GO Virginia grant, leaders in the Richmond-Petersburg region have aligned industry and other key partners to develop an advanced pharmaceutical manufacturing industry cluster, identifying and bridging critical gaps in research and innovation, workforce development, and infrastructure. Just in 2025, these efforts have

catalyzed over \$12.5 billion in private and public investments in the region.

- **Hampton Roads Workforce Council talent pipeline:** With \$760,000 in GO Virginia grants across two projects, the Hampton Roads region's leaders have pursued the planning and development of a maritime workforce pipeline through regional capacity-building programs. As of 2022, the projects had "helped generate an additional \$40 million in federal, local, and private investment in regional maritime workforce programs."
- **Improved learning:** In part due to improved guidance from DHCD as of 2022 (including a standardized list of outcome measures), regions are in the process of improving goal-setting and outcomes tracking. Between Fiscal Years 2018 and 2020, only 43% of projects reviewed by JLARC had set clear outcomes-oriented goals, but between Fiscal Years 2021 and 2023, 99% of projects had committed to specific expected outcomes.

That being said, the JLARC report noted that "GO Virginia's overall economic impact can't be determined because project outcomes aren't reliably reported...projects self-report outcomes, and some project teams claimed outcomes that were not directly caused by their projects." Furthermore, state-defined metrics remained too broad (e.g., a single "jobs created/filled" metric merges two meaningfully different types of outcomes). About the jobs-related outcomes data in particular, JLARC cautions that "several projects have reported jobs created or filled that are not directly attributable to their project activity" as well as estimates, rather than actual figures.

In response, the State Board adopted clearer outcome definitions and a project close-out process that distributes responsibility for project monitoring and outcome reporting, which includes a quality assurance process and attestation from the Regional Councils. Workforce outcomes were aligned with Virginia Works, the state's workforce agency, to improve cross-agency alignment.

## APPENDIX 4: STATE CASE STUDY – NEW YORK

### Overview

In 2011, then-Governor Andrew Cuomo established New York’s Regional Economic Development Councils (REDCs) and the complementary Consolidated Funding Application (CFA) to modernize how the state creates good jobs, attracts private investment, and grows the state economy. Each REDC not only develops and oversees the execution of a regional vision and plan, but also exists to shape and inform the state’s strategy and investments, especially in high-growth, tradeable sectors. The state has aligned substantial resources—including but not limited to performance-based incentives, grants, and other bonded capital—which it distributes through the CFA to projects, through a process that assesses for alignment with the REDC strategies.

### Origins and first steps to implementation

In 2010, as New York emerged from the Great Recession, Andrew Cuomo was elected governor on a campaign that prioritized “get[ting] unemployed New Yorkers back to work...replac[ing] New York’s ineffective economic development efforts with a new strategy organized around regional industry clusters” as one of five key agenda items.<sup>66</sup> Once elected, Cuomo quickly established 10 REDCs and the CFA with overarching goals of improving the state’s business climate and expanding economic growth. Operationally, each REDC developed a regionally tailored five-year strategic plan for the region, focusing on traded sectors, empowering them to inform and help assess state incentive packages for their respective regions. The state economic development agency restructured its incentive process to accept applications only during a set two-month period each year, during which each REDC also drafted its regional strategy. After that period, each REDC would score each submitted incentive request (typically a business considering expansion) in their region based on alignment with the state strategy. Furthermore, the state would deploy these incentive packages on a competitive basis across regions; each year, it would signal the potential total of incentive spend that would be deployed to the subset of regions with the best strategic plans, with the rest divided among the remaining regions, which incentivized regions to develop sophisticated plans.<sup>67</sup>

### Key program details

- **Goals:** Create good jobs, attract private investment, and grow the economy, with a focus on high-growth, tradeable sectors through integrated investments in workforce, innovation, and placemaking.
- **Oversight:** Empire State Development (ESD), the state’s quasi-public economic development arm and umbrella organization for a few complementary public-benefit corporations
- **Implementing entity:** ESD
- **Regional structure:** 10 regions, each represented by an REDC
  - Each REDC is chaired by one business representative and one higher education representative and composed of representatives from business, academia, local government, and non-governmental organizations, all appointed by the governor.
  - Each REDC is tasked with setting priorities, developing and updating five-year strategic plans, and helping the state identify promising projects in the region.
- **Funding:** Varies year to year, includes resources aligned across multiple programs and agencies to advance regional development
  - In 2025, resources totaled \$510 million (0.02% of gross state product), including aligned grants and incentives (including but not limited to the \$100 million Pro Housing Supply Funds, \$75 million in Excelsior Jobs Tax Credits, and \$60 million in Regional Council Capital Funds), and a new \$150

million challenge grant program specifically for the REDCs to each select and develop one transformative project for the region.

- **Match:** Varies by funding source (e.g., 4:1 match required for ESD Regional Council Capital Funds)

#### *Key mechanics*

- **Source of authority:** ESD initiative with governor's backing
- **Latest guidance to Regional Councils:** <https://regionalcouncils.ny.gov/sites/default/files/2025-04/2025-REDC-Guidebook.pdf>
- **Latest guidance on navigating the CFA:** <https://regionalcouncils.ny.gov/sites/default/files/2025-04/2025-CFA-Application-Manual.pdf>

#### *Key outcomes*

- **Regionally informed projects for job creation and retention:** According to the state, since 2011, the REDC structure has awarded over \$9 billion to more than 11,000 projects spanning the state, informed by regional needs and priorities.<sup>68</sup> Altogether, the state projects that these investments will create and retain more than 240,000 jobs.
- **Greater resource alignment across agencies:** Notably, these project investments align resources from across 17 state agencies: primarily ESD, but also the state's departments of Labor, Environmental Conservation, State, as well as the offices of Parks and Community Renewal. Independent assessment by the Citizens Budget Commission of New York (CBC) notes that "the REDC application process consolidates previously disparate grant programs, reducing bureaucracy for applicants and allowing local strategies to factor into funding allocations."<sup>69</sup>
- **Durable regional, cross-sector alignment:** CBC highlights REDCs' "relatively stable memberships" in each region, which offer continuity, institutional memory, and commitment to long-term strategies within each region.<sup>70</sup>
- **Regional needs and priorities improving state investments:** In the initial process of setting five-year strategic plans, REDCs each surfaced regional needs, with encouragement from the highest levels of state leadership to raise areas where there were gaps in state resources. In turn, according to one regional leader, "All of the downstream programs that have been created and funded by New York State over the years—in workforce development, community revitalization, entrepreneurship and startup support—all were ideas that were elevated organically out of the REDCs before there were programs for it."

Still, REDC's outcomes-tracking processes and mechanisms leave room for improvement. As CBC assessments note, regional metrics and reporting have "improved somewhat" since 2015, as "regions are converging on a standard set of metrics."<sup>71</sup> Today, each REDC is tasked with producing an annual report, including a summary of all REDC-CFA projects, which are tracked in a standard process (e.g., green means on track, blue means complete). However, the state has yet to implement a robust REDC reporting mechanism, while regions' reporting tends to focus on priority projects and job creation outcomes are reported at the region level rather than on a project-by-project basis.

The CBC assessment also suggests regional variation in the strategic focus and alignment of state investments through the REDCs. According to the CBC, that looseness is at least partly due to the reality that "regional and State strategies are often too broad and shift over time."

## APPENDIX 5: STATE CASE STUDY – INDIANA

### Overview

In 2021, then-Governor Eric Holcomb used a surplus of American Rescue Plan Act (ARPA) funding to establish the Regional Economic Acceleration and Development Initiative (READI), designed to drive economic and population growth across the state of Indiana. The program has focused investments on projects that boost quality of life, quality of place, and quality of opportunity across the state's 15 economic regions.<sup>72</sup> ARPA funding for the program has since lapsed, but given strong demand from across the state, the program was re-launched in 2023 as "READI 2.0" using \$500 million of state appropriations and a complementary \$250 million philanthropic grant from the Lilly Endowment, Inc.

### Origins and first steps to implementation

In 2015, then-Governor Mike Pence established the Regional Cities Initiative, which would become the predecessor to READI. Regional Cities was motivated by a recognition that the state's economic opportunities would be limited without further population growth, and that the state's smaller cities would fall behind without intentional efforts to retain talent and grow areas outside of Indianapolis. With support from local leaders, the state's general assembly appropriated \$122 million—up to \$42 million for each of three regions—to support regional portfolios of placemaking and economic development projects; critically, Regional Cities required each region to establish a Regional Development Authority to administer the investments and ensure that state dollars would support projects spanning cities and counties across each region. Later, when Indiana had a surplus of funding through ARPA, it leveraged the Regional Cities model, extended statewide, to establish READI.

### Key program details

- **Goals:** Drive economic and population growth across the state by improving quality of life, quality of place, and quality of opportunity.
- **Oversight:** Indiana Economic Development Corporation board and a separate public-private committee
- **Implementing entity:** Indiana Economic Development Corporation

- **Regional structure:** 15 economic regions
  - Each region is led by either a Regional Development Authority or an industry-led nonprofit that facilitates public-private partnership.
  - Each region is responsible for developing a multi-year strategic plan and managing allocated state funding for a portfolio of projects in the region.
- **Funding:** \$1.25 billion to date, in two rounds
  - READI 1.0, launched 2021: \$500 million in surplus ARPA funding
  - READI 2.0, launched 2023: \$500 million (0.1% of gross state product) in appropriations plus \$250 million

philanthropic grant from the Lilly Endowment, Inc.

- **Match:** 4:1 required, including 1:1 from local governments

### Key mechanics

- **Source of authority:** State code, as of READI 2.0: title 5, article 28, chapter 43
- **READI 2.0 overview:** <https://studentactivitiesboard.com/wp-content/uploads/2023/10/READI-2.0-Policy-Overview.pdf>
- **Independent report confirming regions:** <https://www.indianareadi.com/docs/default-source/default-document-library/readi-regions-assessment.pdf>

## Key outcomes

- **Significant private sector match:** Combined across READI 1.0 and 2.0, \$1.25 billion in public and philanthropic investment has leveraged more than \$19 billion in private sector match, marking a nearly 20:1 return on investment for the state.<sup>73</sup>
- **Transformative region-led projects:** READI investments have funded regionally tailored projects for improving the quality of life for workers, families, and businesses across the state. As a senior state leader put it, READI investments are “addressing the fundamentals that determine whether communities can grow and compete.” As one example:
  - **Jeffboat shipyard transformation:** Leaders in southern Indiana are using a catalytic \$6.5 million READI grant to transform the former Jeffboat shipyard—now a vacant industrial site—into a \$1 billion mixed-use district. In 2025, the state awarded an additional \$20 million toward the redevelopment of the 80-acre site, using a portion of the \$250 million grant from the Lilly Endowment, Inc. Plans for the space include an outdoor amphitheater, apartments and condominiums, a boardwalk, retail and restaurant spaces, and expanded greenspace, all meant to revitalize the region’s riverfront. As of late 2025, environmental testing was complete, with permitting processes underway.
- **Built trust-based regional, cross-sector relationships:** The READI application and competition process has strengthened trust between local institutions across the public, private, and civic sectors in regions across the state. As an independent analysis by the Indiana University’s Indiana Business Research Center (IBRC) describes:

Submission of applications that required a regional strategic plan pressure tested, challenged, and strengthened the ability of jurisdictions to voluntarily form a regional vision and plan for implementation. Through the READI exercise, jurisdictions learned how to work together with no external body dictating the way cooperation should occur. Methods for communication, strategy formulation, project implementation, and negotiation of conflict at a regional level began to develop. This built horizontal trust between local institutions that is as important for future regional economic development in Indiana as talent, capital investment, and infrastructure.

Relatedly, assessments of the Regional Cities Initiative (RCI, READI’s predecessor program at the state) by researchers at Ball State University have found that such well-targeted, place-based regional programs have had “positive and significant” impacts on economic outcomes. Using a difference-in-difference approach, they found that RCI has caused an estimated “1,088 additional jobs per year and \$37 million in additional GDP per year.”<sup>74</sup> Most of the employment growth was concentrated in the construction sector; the researchers did not find that the total employment growth was associated with higher earnings. While READI’s statewide reach means it is difficult to assess causal effects of READI investments, these findings about RCI suggest that regional investments incentivizing coordination across multiple levels of government can meaningfully improve economic outcomes.

## APPENDIX 6: STATE CASE STUDY – CALIFORNIA

### Overview

Under Governor Gavin Newsom, the California Jobs First Regional Investment Initiative (formerly the Community Economic Resilience Fund, or CERF) was established by legislation in 2021 as an initiative designed to advance multiple priorities: supporting a sustainable recovery from the pandemic, enabling inclusive economic growth, advancing environmental sustainability and climate resilience, and catalyzing growth in key industry sectors. Currently midway through implementation, Jobs First was initiated using \$600 million of surplus American Rescue Plan Act (ARPA) funding and has supported regional community-based planning, predevelopment, and project implementation across the state.

### Origins and first steps to implementation

As part of the state's pandemic recovery effort, Governor Gavin Newsom's 2021-22 budget included \$600 million for CERF to ensure that economic recovery created high-quality, accessible jobs and helped build resilience to global disruptions, including climate change. At the time, CERF was administered by an interagency leadership team including representatives from the Governor's Office of Planning and Research, the Governor's Office of Business and Economic Development (GO-Biz), and the state's Labor and Workforce Development Agency.

### Key program details

- **Goals:** Advance economic growth and recovery, inclusion, climate resilience, and community engagement.
- **Oversight:** Cross-agency council in the governor's office
- **Implementing entity:** California Labor and Workforce Development Agency
- **Regional structure:** 13 regions
  - Each region is represented by a coalition of dozens of organizations, with representatives from 13 stakeholder groups, including labor organizations, businesses and business associations, community-based organizations, economic development agencies, philanthropic organizations, education and training providers, environmental justice organizations, disinvested communities, and Tribes.
  - Each region's coalition must be led by a designated Fiscal Agent and Regional Convener.
  - Each region's coalition was responsible for developing a community-informed, regionally tailored strategic economic plan.
- **Funding:** \$450 million (0.01% of gross state product), originally funded through ARPA—proposed at \$750 million in the 2021 budget—and later through the General Fund to facilitate deployment, including the following awarded to date:
  - \$65 million in planning grants (\$5 million per region)
  - \$39 million in pilot implementation grants to select projects across the state
  - \$182 million in predevelopment grants (\$14 million per region) to develop shovel-ready proposals
  - \$80 million in implementation grants to 11 projects across seven regions
  - \$15 million in implementation grants to 14 Tribes, Tribal coalitions, and Tribal-led organizations across the state

- **Match:** No match required

### *Key mechanics*

- **Source of authority:** Legislation establishing the Community Economic Resilience Fund (SB 1321): <https://legiscan.com/CA/text/SB1321/id/2932600>
- **State economic blueprint:** <https://jobsfirst.ca.gov/blueprint/>

### *Key outcomes*

The California Jobs First Regional Investment Initiative is still early in implementation. To date, one key early outcome—delivering on one of the program’s initial core goals—has been updating the mental map of California. As described in an analysis by California Forward, whose leadership was involved in the early design of California Jobs First:<sup>75</sup>

“The big coastal metros (e.g., the Bay Area, Los Angeles, and San Diego) receive the bulk of attention from public and private investors...To change the mental map meant seeing opportunity within and across regions. This was a challenge to state leaders, agency staff, and philanthropy—most of whom came from Coastal California—to recognize that every region possesses assets and potential, even those that have been historically under-resourced.”

This shift in mental model is reflected, for example, in recent speeches by Governor Gavin Newsom. During a speech in Orange County, he emphasized, “Jobs First is driving historic progress in every region of the state by backing regional priorities...These plans were built from the ground up by local partners, for their communities. From tribal nations and rural regions to major economic hubs, California is leading the nation with economic development shaped by the people it’s meant to serve.”<sup>76</sup>

The map of 13 regions was confirmed by the state with support from local and regional leaders across the state. Now, as early implementation continues, regional leaders face unresolved questions about the durability of both funding and regional governance structures. California Jobs First is currently supported with one-time funding, with unclear signals about the future of the program exacerbated by uncertainties around the 2026 gubernatorial election. Meanwhile, the 13 regions lack clear, durable governance structures: California Jobs First gathered broad coalitions of stakeholders across 13 stakeholder groups in each region, but early confusion about the program’s purpose and scope led to reduced participation from industry and economic development partners. Resolving these open questions in a way that aligns state and regional strategies while allowing regional tailoring will be a critical priority for the next administration.

## **APPENDIX 7: SELECTED INTERVIEWEES**

**David Adams**, State of Indiana

**Sneha Atwal**, Virginia Economic Development Partnership

**Timothy Bartik**, W.E. Upjohn Institute for Employment Research

**Xavier de Souza Briggs**, Brookings

**Tyler Carroll**, Virginia Economic Development Partnership

**Christopher Chung**, Economic Development Partnership of North Carolina

**Sara Dunnigan**, Virginia Department of Housing and Community Development

**Vincent Esposito**, Empire State Development

**Scott Fadness**, City of Fishers, Ind.

**Scott Ford**, University of Notre Dame

**Christy George**, Illinois Economic Development Corporation

**Kate Gordon**, California Forward, formerly California Governor's Office of Planning and Research

**Nancy Grden**, Hampton Roads Executive Roundtable

**Bethany Hartley**, South Bend-Elkhart Regional Partnership

**Bob Isaacson**, Center for Regional Economic Competitiveness

**Matthew Isgro**, Empire State Development

**David Johnson**, Brookings, Regional Growth Strategies LLC, formerly Central Indiana Corporate Partnership

**Derek Kirk**, California Polytechnic State University, formerly California Governor's Office of Business and Economic Development

**Tejus Kothari**, Boston Consulting Group

**Robert Maxim**, Brookings

**Quentin Messer**, Michigan Economic Development Corporation

**Sarah Lucas**, Michigan Office of Rural Prosperity

**Joy Polefrone**, Alliance for Building Better Medicine

**Ken Poole**, Center for Regional Economic Competitiveness

**Jim Rawlinson**, Indiana Economic Development Corporation

**Lisa Riggs**, Team Pennsylvania

**David Rosenberg**, Indiana University, formerly State of Indiana

**Ben Sio**, CenterState Corporation for Economic Opportunity

**Egon Terplan**, California Forward, formerly California Governor's Office of Planning and Research

**Adam Watkins**, Virginia Economic Development Partnership

**Brad Willows**, Empire State Development

**Kimberly Woodworth**, Economic Development Council of Colorado

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All remaining errors and omissions are the sole responsibility of the authors.

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