



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:

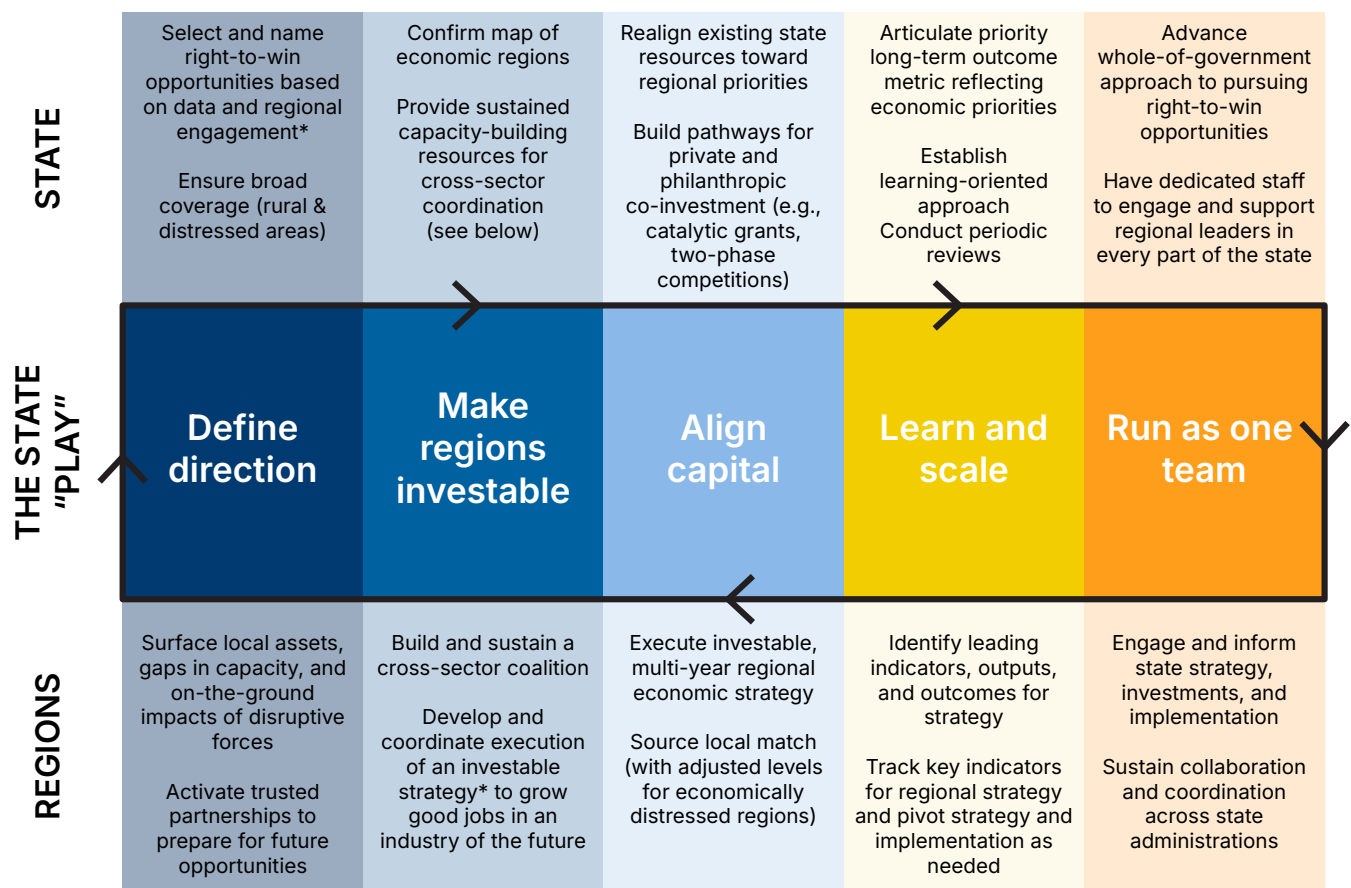
- **States** set direction (informed by rigorous data and stakeholder engagement); align and deploy resources across agencies (e.g., funding, staff capacity, policy, procurement); exercise their regulatory authority; and operate at scale in service of their statewide mandate.

- **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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