

BROOKINGS

STATES ENABLE, REGIONS THRIVE:
A STATE PLAYBOOK FOR GROWING
GOOD JOBS IN THE NEXT ECONOMY

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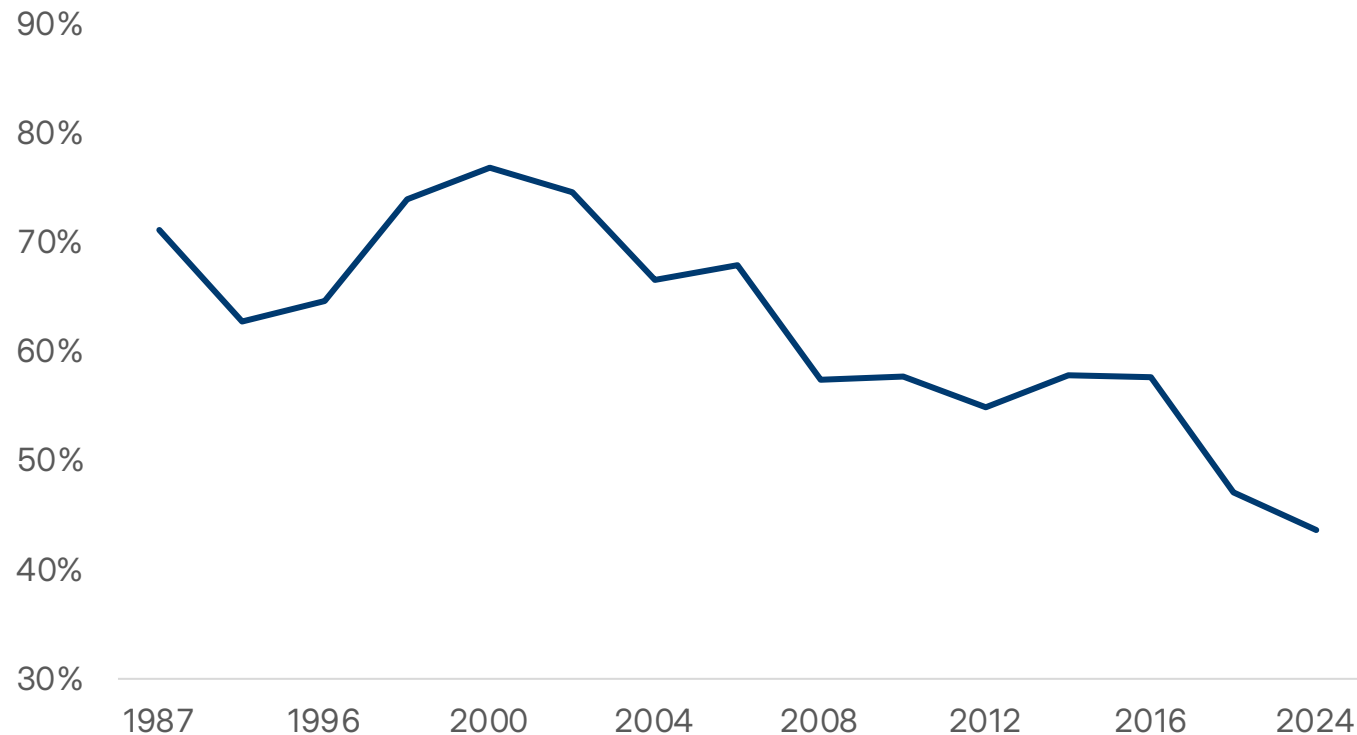
The moment:

An uneven, rapidly changing economy—and state systems are not prepared



Americans are deeply pessimistic about their economic prospects

Share of Americans that believe standards of living will improve for someone like them



Source: NORC at the University of Chicago, General Social Survey data

44%

of Americans say standards of living will improve for someone like them—a record low.

When workers do not have access to good jobs, it stifles families' upward mobility, fuels political discontent, and weakens trust in institutions.

Nearly half of US households are struggling to make ends meet

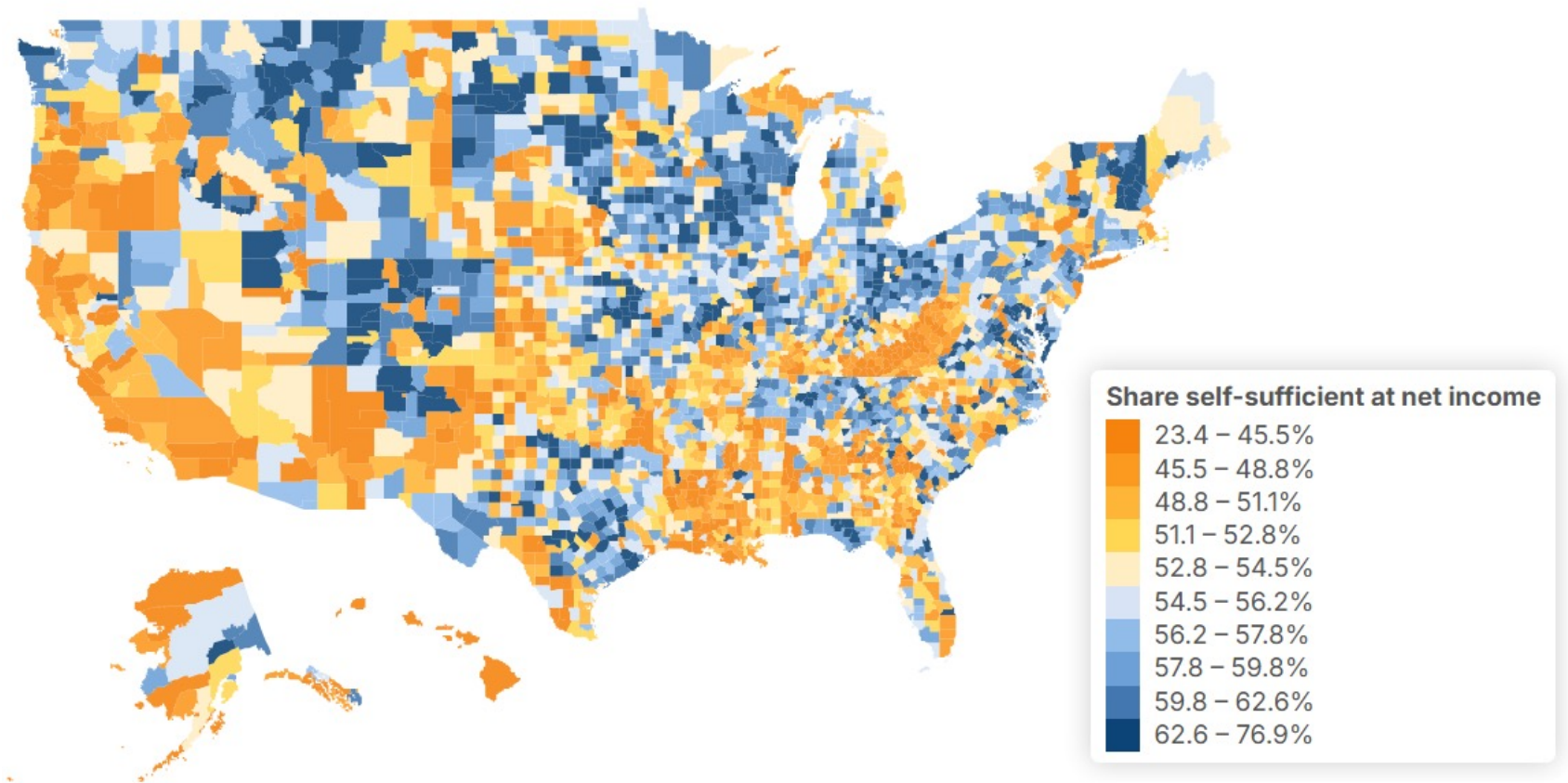
Almost every year over the past decade, income couldn't cover cost of living for 40% of households

46%

of American households did not earn enough to make ends meet in 2024.

This share varies significantly depending on where one lives.

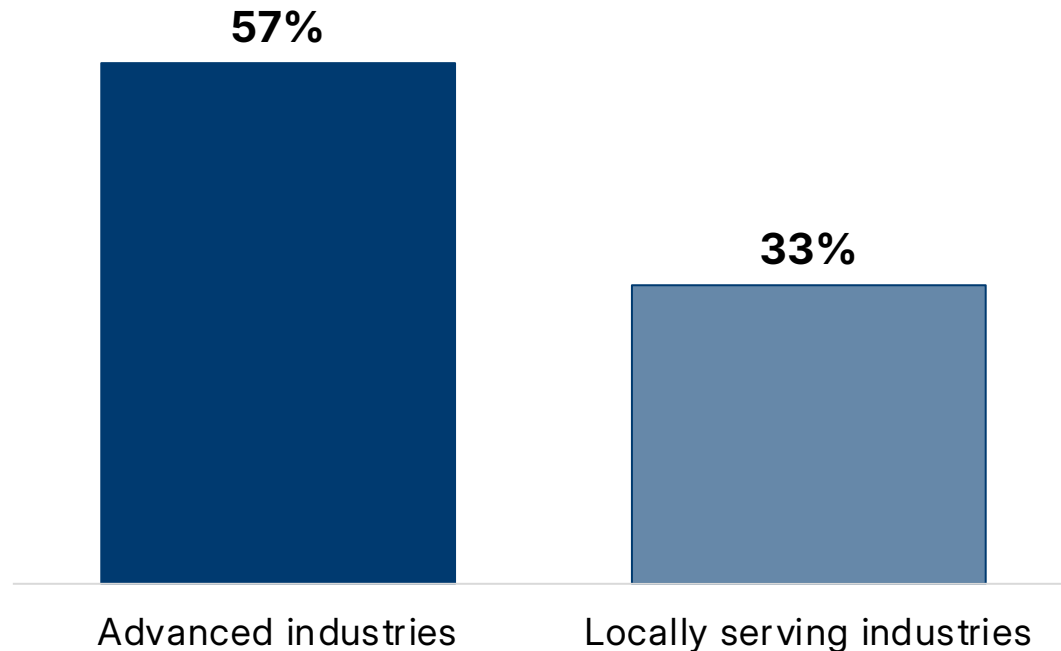
Share of households earning enough to make ends meet, 2024



Source: Brookings analysis of data from the American Community Survey, USDA, Feeding America, HUD, DOL, Consumer Expenditure Survey, Center for Neighborhood Technology, Institute for Health Metrics and Evaluation

The problem: Good jobs are out of reach for too many people and places

Share of jobs that pay a thriving wage, 2023



Source: Brookings analysis of U.S. Census Bureau, Economic Policy Institute, University of Washington, and Lightcast data

Workers' access to good jobs depends on whether the place they live is connected to the industries, technologies, and markets that shape global growth and disproportionately create good jobs.

Yet a growing share of regions are disconnected from those industries, contributing to lower employment rates and declining economic mobility.

States must also navigate five disruptive forces in the coming years

The pace and complexity of change are only growing, posing threats and opportunities for regions



Generative AI

Reshaping the future of work: Adoption by firms grew by 68% between 2024 and 2025



Energy demand

Data center power demand projected to balloon 1.5x-2.5x relative to total electricity consumption between 2023 and 2028



Demographic change

Adults age 65-plus outnumbered those under 18 in 11 states in 2024, up from 3 in 2020



Supply chain realignment

Global industrial policy actions increased by 390% between 2017 and 2024



Fiscal retrenchment

SNAP and Medicaid changes beginning in late 2026 will pose new costs for states

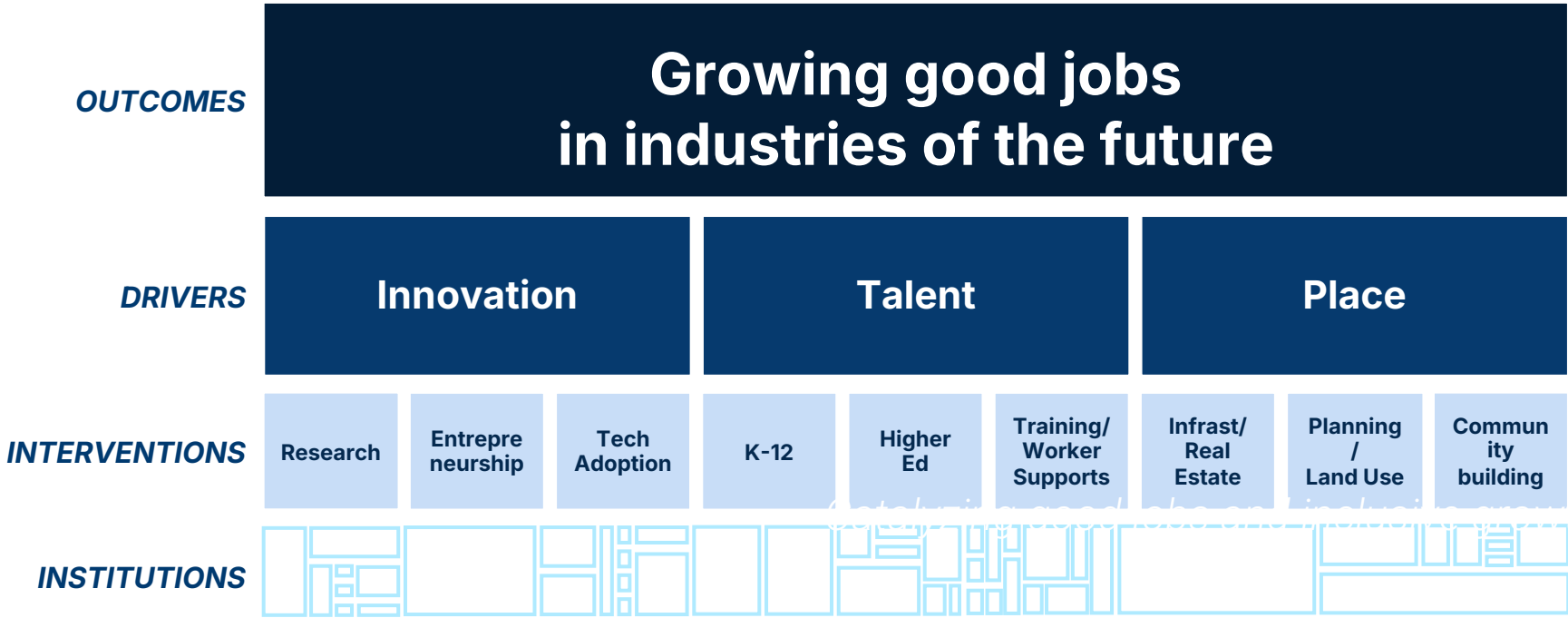
The challenge ahead for states is:

To **modernize** economic development systems so these forces help **grow good jobs**, not deepen divides

State economic development systems struggle to keep up with change

State competitiveness and prosperity rely on the health of regional economies, but most state economic development policies and tools struggle to align regional assets and opportunities

Economies grow based on regional assets and institutions...



Yet states often remain:

- **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 outcomes

To succeed in the next economy, states must partner with regions

States hold governing power, while regional cross-sector leadership can create and connect residents to good jobs in more effective, adaptive ways on the ground, setting up mutual interdependence

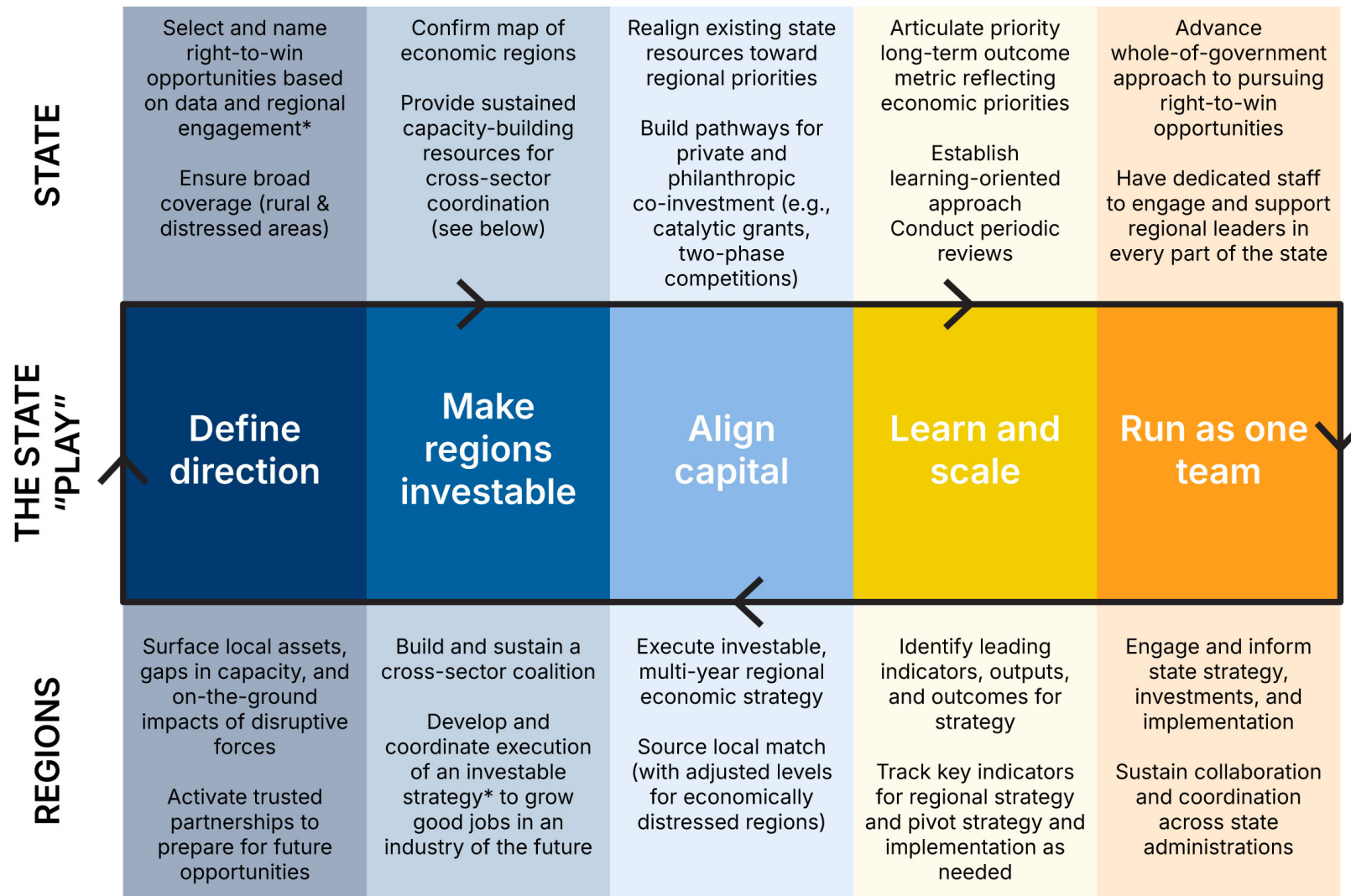
States offer:

- **Authority:** Can set direction, with bully pulpit, statewide mandate, and regulatory power
- **Scale:** Can coordinate and deploy resources across agencies at scale (e.g., funding, staff capacity, procurement)
- **Convening power:** Hold direct relationships and influence with federal, global, and local decisionmakers
- **But: Often lack agility, local insight, and institutional trust**

Regions offer:

- **On-the-ground knowledge:** Have deep knowledge of local assets and constraints
- **Assets:** Are the units of labor markets, supply chains, and infrastructure
- **Trusted relationships:** Maintain partnerships and execution capacity across public, private, and civic sectors
- **Adaptability:** Can sense and respond quickly to changing conditions
- **But: Often lack authority and resources to coordinate and deliver impact at scale**

A new operating model: A state-regional playbook for growing good jobs



How we developed the playbook

The playbook's action items, recommendations, and detailed case studies draw on insights from hundreds of regional and state economic development leaders across over a dozen states

Grounded in practice:

- 28 regions participating in peer learning and applied research cohorts
- 12 deep-dive case studies of state-regional economic development models

Informed by evidence:

- 50-state landscape scan of policies, programs, and institutional models
- Literature review of state and regional economic development
- Insights from over 25 national experts and thought leaders (e.g., Brookings, CREC, Harvard, BCG, Upjohn)

Tested with decisionmakers:

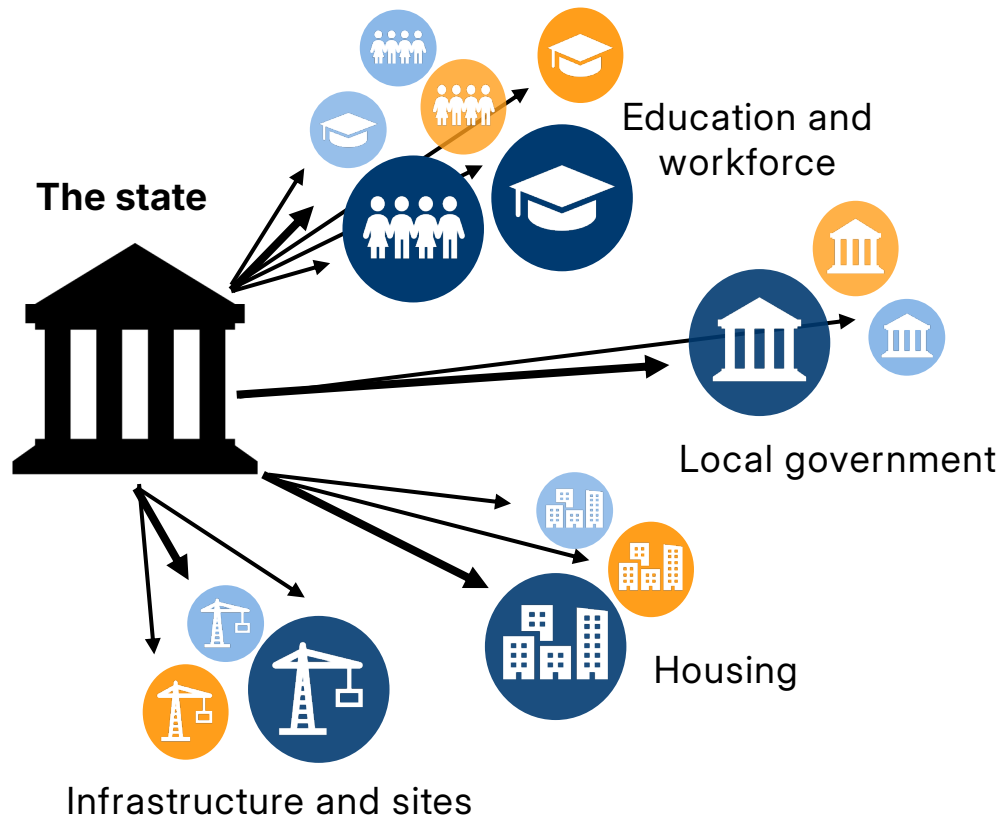
- Interviews and recurrent engagement with over 60 state and regional economic development leaders
- 8 workshops and focus groups with economic development leaders
- Gubernatorial transition leaders helped pressure-test recommendations in fall 2025

With these plays, states can unlock the power of regional coalitions

These are plays, not programs: The focus is on reimagining how existing policies, institutions, and investments work together to improve regional, cross-sector alignment and better grow good jobs

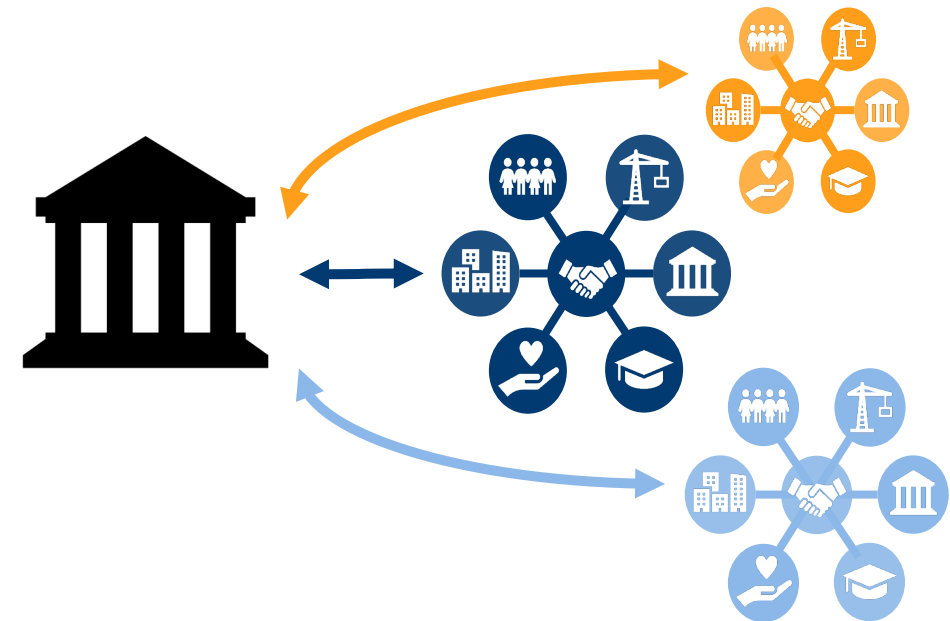
Before

State and regional programs siloed, redundant, stretched thin



After

In each region, a cross-sector coalition is incentivized to align strategy, co-investment, and execution, adapting to evolving on-the-ground conditions



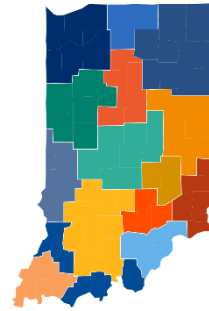
This playbook's approach is already delivering strong early results

It draws lessons from hundreds of regional and state economic development leaders across a dozen-plus states, including four prototype states that have operationalized state-regional alignment



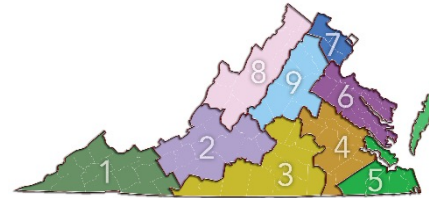
New York

Improved cross-agency resource alignment, with \$9B awarded to more than **11,000 projects** spanning the state to address regional needs, projected to create or retain **240,000 jobs**



Indiana

Trust-based regional, cross-sector partnerships, plus: \$1.25B state and philanthropic investment has leveraged over **\$19B in private match**, marking a nearly **20:1 return** on investment



Virginia

\$77M state investment → **2,400 new or expanded businesses, 25,000 jobs, \$85M match, \$150M follow-on funding, \$650M new capital** accessed, plus durable regional partnerships



California

Early outcome, **shifting the mental map**: *"The big coastal metros... receive the bulk of attention from public and private investors... To change the mental map meant seeing opportunity within and across regions."*

Preview:

A **state-regional** playbook for economic transformation



Define direction

Regions understand their assets, but only states have the authority and platform to set a shared economic direction

The core actions

Establish cluster priorities and articulate how each region of the state can contribute. With data and stakeholder input, assess:

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

Common pitfalls

1. **Broad "priorities"** leave stakeholders uncertain about the state's true priorities and competitive advantages.
2. State priorities **overlook** distressed, rural, and/or Tribal communities.

Where to start

- Sign an executive order requiring identification of right-to-win economic opportunities in six months
- Data-driven industry and employment assessment
- Statewide listening and engagement tour of regions

What it takes: Executive authority; 2-3 FTEs; data analysis capability; regional, civic, and private engagement

Define direction, in action

Example: Virginia



Which clusters are a strong fit? And where is the economy going?

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. 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 **aligned regional ecosystem-building** efforts (e.g., talent development).

More examples

- Through Innovate **Illinois**, a statewide public-private collaboration, leaders are prioritizing "Beyond Silicon" (quantum); "Beyond Biology" (e.g., precision fermentation); and "Beyond Carbon" (clean energy and water) to drive inclusive growth.
- **New York** State has long focused on growing traded sectors, with more recent concerted efforts to grow the semiconductors and microelectronics cluster.
- Advanced textiles are emerging as a potential opportunity in rural **North Carolina**, accelerated by an NSF Regional Innovation Engines grant.

Make regions investable

Regions do not naturally organize and coordinate well across sectors; states can shift incentives to unlock this alignment and private investment

The core actions

Equip every region to build and execute a clear, tailored, and ambitious **investable strategy** to grow good jobs in the next economy, with:

- Precise, data-driven problem diagnosis
- Precise definition of opportunity
- Clearly scoped, integrated project portfolio
- Feasibility assessment
- Evaluation and adaptation plan

Common pitfalls

1. States end up with **multiple, conflicting “maps”** of regions that misalign economic development.
2. Due to limited capacity and prospects for implementation funding, regional strategies end up **not investment-ready**.
3. Without intention, less-resourced regions continue to **fall further behind**.
4. One-off capacity-building grants **fail to build durable capacity**.

Where to start

- Sign an executive order requiring identification of economic regions in six months
- Establish a process for every region to develop an investable strategy
- Develop budget request for multi-year capacity-building resources

What it takes: Executive authority to align maps, capacity building grants (\$150,000 to \$300,000 per region per year)

Align capital

Relatively modest public investments can be catalytic and unlock significant private and philanthropic co-investment if they are aligned toward a coherent regional strategy

The core actions

Design funding opportunities that align substantive resources to support regional “coopetition.”

Options include:

- **Realign existing resources** to regional priorities (minimal new funding)
- Build competitive foundations via **catalytic grants** (\$2M-\$5M grants)
- Finance implementation at scale through **multi-phase challenge competitions** (\$40M-\$50M grants)
- Private- and philanthropic-led capital alignment, through **state-catalyzed funder collaboratives**

Common pitfalls

1. Unhealthy, inter-region competition without guardrails fuels existing inequities between regions.
2. A mismatch between the scale of expected outcomes and the scale of investment breeds resentment.

Where to start

- Sign an executive order requiring inventory of the state’s major economic development programs
- Design and publish a clear rubric that incentivizes projects aligned with regional strategies
- Develop budget request for additional grants (see left)

What it takes: executive authority for initial inventory; budget, scale depending on funding method (see left)

Align capital, in action



Example: New York

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. 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.

More examples

Through **GO Virginia**, the state provides recurrent capacity-building grants as well as grants for workforce development, site development, entrepreneurship and innovation, and cluster scale-up. Over five years, the **Richmond-Petersburg** region has leveraged and stacked investments including:

- **\$2.5M** in cluster scale-up funding from GO Virginia
- **\$53M** in federal funding (BBBRC) plus \$14M in local private and public match
- **\$44M** in state investments via the 2022-23 budget (outside of GO Virginia)
- **\$12.5B** in private and public investments catalyzed in 2025

Learn and scale

The purpose of metrics is not compliance for its own sake, but rather to learn what's working, pivot when needed, and shift investments toward approaches that demonstrate results

The core actions

Articulate clear, compelling indicators that reflect the state's priorities for the economy as a whole. Options include:

- Prime-age employment rate
- Share of families making ends meet (i.e., income greater than the local cost of living)
- Median income growth

Once the state defines its priority outcome(s), regional leaders can define aligned project-specific leading indicators to monitor progress and adapt as needed.

Common pitfalls

1. **Adding performance metrics and reporting requirements without a clearly articulated purpose** ends up unnecessarily burdening local and regional leaders.
2. The state defines key metrics and indicators that **fail to capture regional variation** in needs and opportunities.
3. **Unclear goals and success metrics** can confuse and hinder regional collaboration.

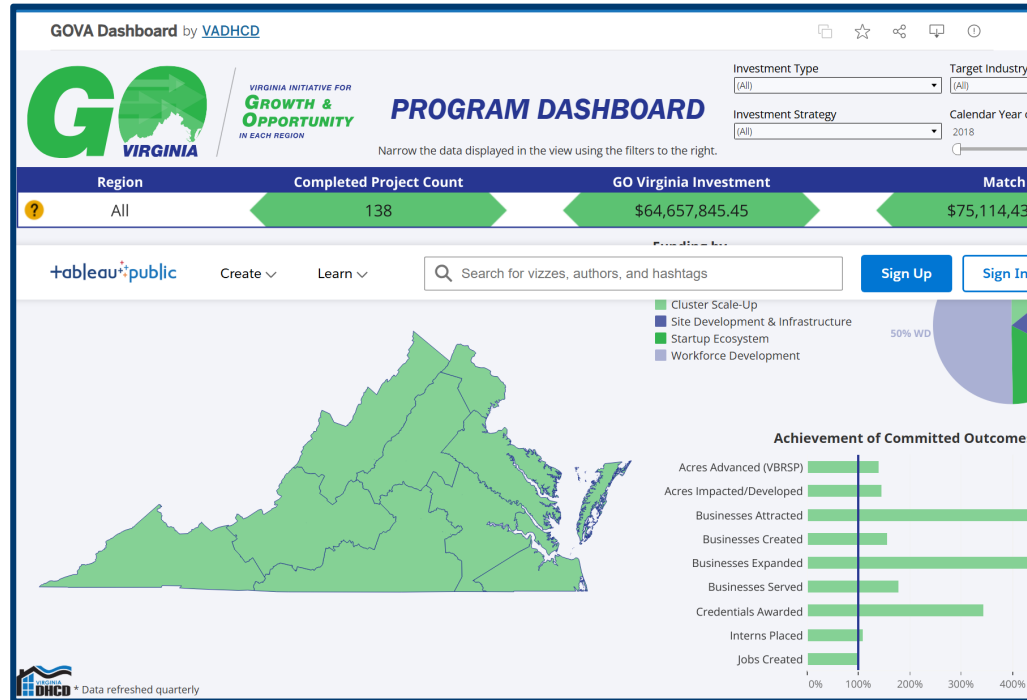
Where to start

- Identify and communicate the state's priority outcomes in an early speech
- Build a culture of learning and adaptation, reducing unnecessary compliance burdens
- Build or designate a team to operationalize the shift, working with regional leaders

What it takes: executive authority to define priority outcomes, 2-3 FTEs, data management capabilities

Learn and scale, in action

Example: Virginia



GO Virginia's program dashboard helps monitor project-level progress on key state-level outcomes (e.g., job creation, leveraged investment, intern placement).

More examples

As a leading regional example, **Tulsa's** Labor Market Observatory (LMO) provides real-time data on the region's workforce trends, including job demand, regional talent shortages, and skills requirements for occupations in fast-evolving, tech-driven industries. The LMO thus enables regional workforce leaders to make adaptive, informed strategic choices that keep their work responsive to evolving talent needs, including in emerging industries.

The LMO is complemented by a user-friendly reporting platform for dozens of sub-awardees to input quantitative and qualitative data, as well as a leadership-facing dashboard that tracks both program-level outcomes and macroeconomic indicators to enable data-informed decisionmaking.

Source: Brookings 2025, The Coalition Imperative

Run as one team

The goal is not to create more bureaucracy; instead, states need a more responsive, locally informed, and aligned operating model

The core actions

Execute on three core, mutually reinforcing responsibilities to advance regionally tailored state priorities:

1. Advance a whole-of-government approach to **strengthening the state's right-to-win opportunities**
2. **Engage regional leaders** across sectors and across the state to inform state priorities and action
3. **Provide regionally tailored technical assistance** to build coordination capacity

Common pitfalls

1. **Coordination tools without purpose** add unnecessary bureaucracy and erode trust.
2. Without durable structures, **each new gubernatorial transition disrupts priorities, services, and trust.**

Where to start

- Establish an Economic Transformation Team, with dedicated staff to support rural and economically distressed areas
- Define clear responsibilities, including implementing the "plays" and assessing the state's institutional structure

What it takes: executive authority, 4-6 FTEs of highly skilled, collaborative, adaptive staff

States select different organizational structures to run as one team

Structure	Strengths	Tradeoffs	Best suited for	Examples
Executive office initiative	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
Quasi-public corporation	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
Nonprofit or public-private partnership	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 such as incentives deployment	Team Pennsylvania; JobsOhio
Regional coordination structure	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
Public department or agency	Greater durability across administrations	Slower and more politically complex to establish	State program management	State departments of commerce and economic development

An action plan for state-regional alignment to grow good jobs

These early actions help incoming state leaders establish direction, credibility, and execution capacity

In the first 100 days:

- **Hire the right key staff**, including leaders with real experience in key industries
- **Set the statewide vision in an early speech**, including the urgency to grow good jobs by pursuing right-to-win opportunities
- **Sign an executive order** elevating state-regional alignment for growing good jobs as a priority, including priority actions for the first six months
- **Engage legislative leadership and key committee chairs early** to build bipartisan support for state-regional alignment
- **Develop an initial budget and legislative package** for building alignment
- **Commission an independent analysis** to inform the state's official map of economic regions

In the first six months:

- **Conduct listening sessions in each region** to surface needs and opportunities to inform state strategy, all informed by data
- **Select and name the state's right-to-win economic opportunities**, informed by rigorous market analysis and regional engagement
- **Confirm the state's official map of economic regions**, if not already agreed upon
- **Inventory the landscape of existing economic development programs and funding** to identify gaps and opportunities for regional alignment
- **Develop and refine a budget proposal** to support durable state-regional alignment

Ready to take action and grow good jobs?

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.

To learn more contact: Joe Parilla, Senior Fellow, Brookings, jparilla@brookings.edu

Summary table of state-regional prototypes

	New York	Indiana	Virginia	California
	Regional Economic Development Councils	Regional Economic Acceleration and Development Initiative	Growth and Opportunity (GO) Virginia	Jobs First, formerly Community Economic Resilience Fund
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	Drive economic and population growth across the state by improving quality of life, quality of place, and quality of opportunity	Grow good jobs, strengthen cross-sector collaboration, and diversify regional economies	Advance economic growth and recovery, inclusion, climate resilience, and community engagement
Oversight	Empire State Development (ESD), the state's quasi-public economic development arm and an umbrella organization for a few complementary public-benefit corporations	Indiana Economic Development Corporation (IEDC) board and a separate public-private committee	GO Virginia board (a statewide, cross-sector board that includes 14 private sector representatives, 7 legislators, and 3 cabinet members)	Cross-agency council in the governor's office
Implementing entity	ESD	IEDC	Virginia Department of Housing and Community Development	California Labor and Workforce Development Agency
Regional structure	10 regions, each represented by a Regional Economic Development Council	15 regions, each led by either a Regional Development Authority or an industry-led nonprofit that facilitates public-private partnership	9 regions, each with a Regional Council and Regional Support Organization	13 regions, each represented by a coalition with representatives from 13 stakeholder groups, with a designated Fiscal Agent and Regional Convener
Funding	Varies year to year, includes resources aligned across multiple programs and agencies to advance regional development	\$1.25 billion to date, in two rounds	\$30 million per year, via appropriations (0.004% of GSP)	\$450 million (0.01% of GSP), originally funded through ARPA
Match	Varies by funding source (e.g., 4:1 match required for ESD Regional Council Capital Funds)	4:1 required, including 1:1 from local governments	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	No match required