

How Can California's Regional Investments Catalyze Inclusive Economic Development?

California, with its diverse population of almost 40 million spread across 163,000 square miles, has a history of investing in regional strategies to support its many regional economies. The state has funded workforce programs that incentivize regional collaboration such as Regional Plan Implementation/SlingShot, education programs that focus on talent development such as the Strong Workforce Program and California Careers Pathways Trust, as well as economic development efforts that prioritize economic inclusion such as Regions Rise Together. Governor Gavin Newsom recently released the revised 2022-23 California state budget, which includes historic and much-needed investments in areas such as affordable housing, child care, and wildfire prevention—local, regional, and statewide investments to protect our state from some of the greatest challenges we face, from climate change to public health to inequality. As Californians seek to comprehend the budget's ongoing and future impact, traditional approaches to state budget analysis focus on specific issue areas, adding up the dollar amounts allotted to higher education, housing, early childhood, and health and human services, for example, to determine the administration's values and priorities. But what if, in addition to looking at these vertical issue areas, we also look at how these investments touch down in California's diverse regions to determine how effective a budget is at creating the conditions needed to fight our state's intractable challenges?



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Taking a regional lens to understand the impact of a state budget is important because we know that economies are regional—workers and students cross city and county lines to go to work, attend school, and access goods and services. Our educational, economic, and environmental footprints directly influence and are shaped by the communities in which we live. Regional approaches to program and policy implementation engage leaders across sectors and economic development, education, workforce, and municipal planning, among others, must be considered in concert with one another to reflect the systemic interplay between job concentration, commuting patterns, and access to housing, transportation, and broadband that serve as the enablers of Californians' opportunities. For these reasons, regional investments provide a meaningful opportunity to achieve not just targeted goals, but to catalyze broader [inclusive regional economic development](#), the creation of equitable and resilient economies that everyone can contribute to and benefit from. Cross-sector regional initiatives have the potential to put us on the road toward greater economic prosperity, but this strategy on its own will not close equity gaps. In fact, it may increase inequality if not done in a way that intentionally puts the needs of historically excluded populations

at the center. So, what will it take for communities to benefit from the regional investments proposed in the governor's 2022-23 budget? What is needed for communities to develop and grow their economy, and experience the benefits of that growth?

Through our partnerships with field leaders and state systems, JFF has had the opportunity to support and learn from several regional initiatives in California over the last few years. We are committed to helping practitioners understand how to maximize state investments and to helping state agency leaders and legislators as they craft programs that generate inclusive regional economic development.

WHAT WE'RE LEARNING ABOUT REGIONAL INVESTMENTS

In 2014, California invested \$500 million in the California Career Pathways Trust (CCPT) program to build talent pipelines aligned with regional labor market needs and promote regional economic development. More recently, we have seen this regional approach through several investments in the 2021-22 budget such as the [Community Economic Resilience Fund](#) (CERF), [Regional K-16 Education Collaboratives](#), and [Regional Equity and Recovery Partnerships](#) and through proposed investments such as Golden State Pathways and Regional Climate Collaboratives. We are encouraged that these programs have more intentionally highlighted the interconnectedness between education, economic development, and place-based conditions. This funding should lead to improved job quality, economic mobility, educational access, and climate resilience, and not policy outcomes that simply replicate and reinforce existing inequalities and entrenched power structures. But the proverbial devil is in the implementation details to ensure these ambitious investments can truly be transformative.

As JFF has observed, working regionally can be very difficult and requires new approaches to leadership and

collaboration. The paradigm shift from working regionally to embracing [regionalism](#) balances responsibility across multiple systems that are not designed to integrate. Often, it can require multiple jurisdictions that are very different from one another culturally or geographically to work together without clear decision-making power. However, regionalism can be [critical](#) to addressing systemic inequality. Despite the challenges, there is a lot to learn from past and present efforts that can help improve the effectiveness of future regional investments in catalyzing inclusive regional economic development.

The case of the [California Career Pathways Trust](#) can be instructive. The historic investment from 2014 to 2019 funded regional consortia to establish high-wage career pathways through partnerships between K-12 school districts, community college districts, and employers. While the partnerships were designed to lead secondary school students to postsecondary degrees or certifications aligned with regional workforce needs, JFF's [evaluation](#) revealed significant sustainability concerns because the short-term grantmaking strategy did not adequately support local and regional partners' efforts to turn one-time funds

into long-term infrastructure and organizational capacity.

Fast forwarding to 2020, a group of intersegmental education leaders took on a similar challenge in piloting the [Fresno K-16 Collaborative](#), a signature initiative and investment of the Governor's Council of Post-Secondary Education, with a goal of increasing college degree attainment and closing equity gaps through streamlined pathways into high-wage, high-demand jobs. During the initial two-year pilot period, leaders made significant strides in implementing innovative models to support students across their educational journeys; moving forward, it will be critical to identify the resources needed to sustain and deepen the collaborative effort. As part of the technical

assistance [team](#), we've experienced firsthand that, absent consistent funding that allows leaders across educational institutions to co-design shared solutions, work reverts to siloed projects that operate within one institution.

As we continue to learn about the ideal enabling conditions, we must also build on the economic development planning and implementation that is already underway in regions such as the [Inland Empire](#), even without significant public-sector investments. Cross-sector collaboratives that balance the needs of industry, community groups, education, the public sector, and workers are critical infrastructure to ensure that one-time investments can be leveraged to achieve lasting, equitable systems transformation.



RECOMMENDATIONS FOR STATE LEADERS

California's opportunity for greater economic inclusion and prosperity lies in the ability of its public- and private-sector leaders to work across systems, silos, jurisdictions, and communities. The systemic problems the state faces cannot be solved without collaboration and true community partnership. Leaders at the forefront of this work hold new orientations to leadership, partnership, and systems building and their success is significantly tied to their ability to cultivate and deepen trust across other leaders in their region, communities, and sectors. As regional investments are designed and deployed, these ideas should be kept in mind to help programs build a foundation for regional prosperity and get on a pathway to close economic and educational equity gaps.

1. Fund the capacity of local actors to work regionally.

The ability to work regionally, across institutional and organizational lines, requires a set of [skills, habits, and mindsets](#) from participants that is distinct from traditional skills required for working within an institution. It requires an understanding of [how to exert influence](#)

in a collective effort where there are no formal lines of authority. Funding for institutional leaders to participate in cross-sector leadership professional development can help instill these critical skills. Additionally, working regionally on cross-sector planning and program implementation requires a significant amount of time on the part of both institutional leaders such as college presidents, nonprofit executive directors, and public-sector department heads who have the authority to make decisions and direct staff to plan and execute impactful programs. At the same time, the crucial everyday work of advancing equity at the local and institutional levels does not cease. To enable senior-level leadership to represent their institutions and co-design something new at regional level, state investments should allow for dedicated release time, with funding to hire or re-allocate staff to backfill for leaders' time spent on regional initiatives.

2. Direct financial resources and support to community-based and other organizations that have a strong connection to students, families, and workers.

Equitable system redesign requires that programs and policies be shaped by, and accessible to, the populations that have been historically excluded from sharing the benefits of economic growth. Community-based organizations can serve as a critical bridge to these populations, and their participation in regional planning and implementation can produce solutions that are truly learner- and worker-centered. However, many large public and private institutions struggle to engage CBOs in a meaningful way, relying on focus groups or listening sessions to “consult” or “inform” community members rather than including them as designers and decision makers. Representation is not equivalent to equity. To ensure the benefits from state investments flow to historically excluded populations, public sector agencies need long-term capacity funding and professional development to learn how to work meaningfully with community partners. Rather than relying on CBOs to assimilate to existing planning processes that are not designed for their participation, dedicated funding is needed to restructure how public and private

institutions can create the conditions for authentic community participation in specific grant opportunities as well as in broader education, workforce, economic development, and environmental activities. Inclusive process is needed to achieve inclusive outcomes.

3. Design regional investments around place-based and population-specific strategies.

New programs, policies, and investments that aim to address equity gaps within and across regions must promote place-based and population-specific solutions. Too often, however, state investments and regional initiatives apply one-size-fits-all strategies that fail to reach historically underserved groups and communities. Equity-centered regional initiatives must begin with critical inquiry and analysis to establish a shared understanding of regional assets along with factors contributing to inequities. Building on this foundation, regions can engage in an inclusive action planning process to design and pilot differentiated strategies at the population, community, and micro-regional levels. To enable this, state leaders can build a greater emphasis on community-driven and culturally responsive processes into their guidance and criteria for regional funding.



Additionally, they can provide resources to support data integrity and data sharing practices, and help regions build the infrastructure to disaggregate data across a range of educational, economic, and health indicators. Finally, transparent reporting on equity strategies and expenditures is needed to ensure that funds reach the specific populations that have been the most impacted by exclusion and disinvestment.

4. Fund regional intermediary infrastructure, and allow regions to leverage existing collaborations.

Cross-sector intermediaries that bring together education, workforce, industry, public-sector, and community-based organizations are key infrastructure to address the challenges of regional collaboration. Intermediaries perform functions of coordination, convening, and communication among diverse stakeholders and provide the platform for the visioning, target setting, and system redesign we know constitute the necessary foundation for inclusive regional economic development. But as we learned from CCPT, new collaboratives that form just for a grant are not sustainable because they are not based on authentic relationships, trust, and communication. These relationships become transactional, and when one-time funding disappears, leaders revert to their institutional projects that don't require collaboration. For this reason, state investments should prioritize deepening the capacity of existing collaborative efforts and include the flexibility for them to evolve to gain new partners.

JOIN THE CONVERSATION

As California continues to grapple with the best way to design and implement regional programs, we invite you to [keep learning with us](#). Do you have questions or ideas about CERF, K-16 Educational Pathways, or other regional investments coming down the pike? What have you been learning from these types of investments in your region? Continue the conversation by [joining our network](#) of California leaders that are committed to design, test, and scale new models of inclusive regional economic development that puts equity at the center. Let's learn together to ensure that these unprecedented investments can transform our communities.



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