

**Secretary of Labor**  
*Washington, DC*

Dear Governor:

I am very pleased to announce a new U.S. Department of Labor (DOL) initiative, Workforce Innovation in Regional Economic Development (WIRED). This initiative presents a unique opportunity for states to compete for grant funding to develop and implement a transformational approach to regional economic development. It will focus on the key role of talent development in driving economic competitiveness, and increased job growth and new opportunities for American workers.

Background

The world is now witnessing one of the greatest economic transformations in history. The twin revolutions of technology and information have ushered in the era we know as globalization. This era is marked by tremendous advances in communications, travel, and trade allowing individuals instant access to commerce from almost anywhere in the world.

Although global competition is typically seen as a national challenge, the front lines of the battlefield are regional – where companies, workers, researchers, entrepreneurs and governments come together to create a competitive advantage in the global economy. That advantage stems from the prosperity-creating power of innovation—the ability to transform new ideas and new knowledge into advanced, high-quality products or services.

Regions like San Diego, California; the Research Triangle in North Carolina; and the Greater Austin region of Texas have been successful in creating a competitive advantage precisely because they have connected three key elements:

- 1) Workforce development and life-long learning strategies;
- 2) Investment and entrepreneurial strategies; and,
- 3) Regional economic development strategies.

While some regions of the country have thrived as a result of globalization, others have struggled to compete, particularly those with an economy based on manufacturing or other trade-impacted industries. These regions are being forced to revitalize and reinvent themselves. Regions recently impacted by Hurricanes Katrina and Rita and other natural disasters will also have to rebuild and transform their economies. Workforce development is a key driver in this process, and innovative approaches to workforce development that go beyond traditional strategies are needed in order for regions to adequately compete both, within the United States and globally.

Many regions have made considerable progress in integrating talent and skills development into their larger economic strategies and in transforming their workforce development, economic development, and education systems into one comprehensive system that is both flexible and responsive to the needs of businesses and workers. However, we at DOL recognize the ongoing importance of supporting regions that need additional technical and financial assistance to achieve these goals.

### WIRED Initiative

The WIRED Initiative will help participating regions move to the next level of system innovation and transformation by providing funding, technical assistance, and access to a cadre of experts. The ultimate goal of the WIRED Initiative is to expand employment and advancement opportunities for American workers and catalyze the creation of high-skill and high-wage opportunities in the context of regional economies.

Flexibility to design a system capable of fueling regional economic competitiveness is a key component of the initiative. As a result, our Employment and Training Administration (ETA) will work with the participating states to determine what statutory and regulatory waivers are needed to ensure the regions have the flexibility to implement the goals of WIRED. Another important component of the WIRED Initiative is the recognition that economic regions do not typically correspond to state, county, local workforce investment area, or municipal boundaries. Similarly, state boundaries do not always match labor market areas as evidenced by New York's tri-state area or the greater Kansas City area, among others. The WIRED Initiative will focus on labor market areas that are comprised of multiple jurisdictions within a state or across state borders.

A key to success under this initiative will be the quality and strength of the regional partnership. The regional partnership should be a strong team composed of regional civic, business, investor, academic, entrepreneurial and philanthropic leaders.

Governors are asked to submit an application on behalf of the regional partnership. Applications for regions that cross state lines must be jointly submitted by the Governors of all impacted states. Each Governor is permitted to submit up to three applications for regional or cross-state regional teams. State officials have a critical role to play in this effort by providing leadership and helping to facilitate an environment that is conducive to innovation. At the same time, community leaders from a variety of fields must invest in this process and be dedicated to taking the necessary action steps.

We anticipate selecting 8-10 regional economies for this demonstration, and making grant awards of up to \$5 million per year, for 3 years, to support each project. Throughout the WIRED Initiative, participating states and regions will receive ongoing intensive technical assistance crafted to meet their specific needs. The WIRED Initiative

will also include extensive peer to peer contact. Quarterly meetings of all regional teams will be held to give teams the opportunity to share challenges and best practices. At the quarterly meetings, regional teams will work with experts from the workforce, education, and economic development communities, in addition to leaders from the private sector and the innovation community (e.g., high-tech business leaders, university presidents, research lab directors). The U.S. Department of Commerce will collaborate with us on this initiative. By participating in the WIRED Initiative, economic regions will benefit from the expertise of all participating organizations.

A report on operational best practices generated by the regions as well as implementation tool kits for specific successful programs will be compiled and disseminated widely to the workforce and economic development communities, so that all regions, even those not selected to participate, will benefit from the WIRED Initiative.

Governors interested in being considered for participation in the WIRED Initiative are encouraged to review the attached Application Guidelines for WIRED Initiative Projects. Please note that applications must be submitted to the U.S. Department of Labor by January 5, 2006. Please contact the Assistant Secretary for Employment and Training, Emily Stover DeRocco, at 202-693-2700 or [derocco.emily@dol.gov](mailto:derocco.emily@dol.gov), if you have any questions regarding the WIRED Initiative.

I look forward to working together on this new and exciting initiative. Thank you for your continued commitment to our nation's workers and to keeping America competitive in today's global economy.

Sincerely,

|S|

Elaine L. Chao