Sector Strategies in Washington

A state-level backgrounder presented to the WIOA Subcommittee on Local Governance and Sector Strategies

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Today’s agenda

1. What does WIOA say about sector strategies?
2. Some thoughts on framing the conversation
3. Sector Strategies in Washington:
   • Policies & definitions
   • Models & programs
• Special emphasis on strategies for meeting the needs of employers, workers, and job seekers through sector partnerships related to in-demand industry sectors and occupations.
  • 50+ separate references to this in the Act.

• Stresses state board and local council support for industry sector partnerships and the advancement of employment and career opportunities in in-demand industry sectors or occupations.

• Creates Leadership role for WDCs related to sectors
Sector Strategies in WIOA

- Planning for sector strategies must be included in both the state plan and local plans.

- Local Workforce Development Councils must use a locally-determined portion of Adult and Dislocated Worker formula funds to develop, convene, or implement industry or sector partnerships (Sec. 134(c)(1)(A)(v)).

- Governors may use Title I-B 15 Percent Funds to provide assistance to local areas to support the effective development, convening, and implementation of industry or sector partnerships.
Framing the Conversation

**Sector strategies** focus on the common needs of firms in an industry (such as life sciences and maritime).

- In sector strategies, governments assist firms in an industry by addressing their common needs, as opposed to targeting the needs of individual firms.
- In sector strategies, the industry may be small and just emerging, or strong and vibrant, or an industry that is past its prime.
- Can be local, regional, statewide or national.

**Cluster strategy** is a particular type of sector strategy, focusing on industries with certain characteristics within regional areas.

- Recognizes the inter-industry linkages and supporting institutions surrounding a core industry
- Typically focuses on clusters where a place (usually region) has a comparative advantage over other places
- It is an organizing principle around which workforce and economic development may be coordinated.
Framing the Conversation...
A thought about data

Data is a good foundation, but alone it’s not enough.

The industry cluster discovery and development process always involves *people and partnerships*
Policies

- Governor Inslee’s *Prosperous Economy* – Sector-based economic development strategy
- *The Next Washington*
- *Skills for the Next Washington*
- SHB 1091 (2008)
- Common Definitions
- 2SHB 1323 (2009)
- Workforce Board Strategic Cluster Policy
Prosperous Economy Strategy

• Governor Inslee’s *Prosperous Economy* Strategy includes:
  • Office of Economic Development and Competitiveness (Commerce)
  • Sector-based economic development strategy
  • Sector Leads and related initiatives:
    o Aerospace
    o Agriculture & Food Processing
    o Clean Technology
    o Life Sciences & Global Health
    o Information Communication Technology
    o Maritime
    o Military and Defense

- Called for improved partnerships among workforce and economic development at the state and regional levels.

Workforce Board developed *Skills for the Next Washington* based on a number of forums and discussions across the state with economic and workforce development partners.

- Set-forth ways that workforce and economic development can better align, focusing on a cluster-based approach.
Common Definitions 2007

**Common Definitions**

- Shared set of definitions for coordinating workforce and economic development with a focus on sector strategies.
- Some subsequently codified in statute, others not.

**Sector**

**Industry Cluster**

**Targeted Industries or Clusters**

**High Employer Demand Program of Study**

**High-Demand Occupation**

**High Student Demand Program of Study**
SHB 1091 (2008) established Innovation Partnership Zones in statute (see models, later)

- Required the Workforce Board and the Economic Development Commission to convene a work group to specify the process and criteria for identifying industry clusters.
- Clusters can be sorted/prioritized according to the type of strategic priority or public concern. For instance:
Workforce Board Strategic Cluster Policy (adopted 2009)

Strategic industry clusters shall be identified for the purpose of guiding and informing policy and investment decisions for workforce education and training, such as the awarding of discretionary funds for cluster-based workforce development initiatives.

Consensus rankings of strategic clusters shall be used to steer investments toward those clusters that are most strategic for workforce development.

- Employment
- Job growth
- Concentration of high- and middle-wage occupations

The Board will guide investments toward clusters that are at the higher rather than the lower end of the strategic rankings.

- See, for example, High Skills/High Wages Strategic Fund (later)
2SHB 1323 (2009) – The *Skills for the Next Washington* Bill

Defined and established industry clusters as a central organizing framework to coordinate planning and service delivery among workforce and economic entities.

- Includes industry clusters in state workforce plan and state economic development plan
- Statutory definition of WDCs and establish WDC planning responsibilities in statute
- Directs ADOs to coordinate with WDCs
- Establishes Centers of Excellence in statute
- Provides for the inclusion of labor market analysis for the purposes of identifying industry clusters
- Corrected “cluster” and “sector” terminology
Models and Programs

- Governor’s Sector Strategy (Commerce)
- Centers of Excellence (State Board for Community & Technical Colleges)
- Industry Skill Panels (Workforce Board & numerous local partnerships)
- Innovation Partnership Zones (Commerce)
- High Skills/High Wages Strategic Fund (Workforce Board)
- CTED Cluster Grants (CTED – now Commerce)
- State version of WIRED (an idea whose time never came)
- Numerous local & regional cluster/sector efforts
Governor Inslee’s *Prosperous Economy* Strategy includes:

- Office of Economic Development and Competitiveness (Commerce)
- Sector-based economic development strategy
- Sector Leads and related initiatives:
  - Aerospace
  - Agriculture & Food Processing
  - Clean Technology
  - Life Sciences & Global Health
  - Information Communication Technology
  - Maritime
  - Military and Defense
Contribute to Washington’s sectorial economic development strategy through statewide leadership for flexible and quality education and training programs designed to support targeted industry sectors.

Supported by the Community & Technical College system.

**Mission**

Liaison between partners and the state’s education system to:

- Drive economic development
- Create highly skilled workforce
- Provide consistent curriculum
- Meet Industry needs
- Provide state-wide coordination
Today’s Centers of Excellence:

- Aerospace & Advanced Manufacturing
- Agriculture
- Allied Health
- Careers in Education
- Clean Energy
- Construction

- Information & Computing Technology
- Global Trade & Supply Chain Management
- Marine Manufacturing & Technology
Industry Skill Panels

- Partnerships of business, labor, and education working together to improve the skills of workers in industries vital to your region’s economy.

- Address key barrier to business competitiveness and expansion: A shortage of skilled workers

Industries served by Skill Panels from 2000 to 2010 including federal, state and regional supported projects:

- Transportation & Logistics
- Construction
- Healthcare
- Homeland Security
- IT
- Electronics
- Aerospace
- Hospitality & Tourism
- Life Sciences
- Pulp & Paper
- Recreation & Tourism
- Apprenticeship
- Energy

- Food Processing
- Medical Devices
- Manufacturing – Advanced & General – Rural - Marine
- Automotive Technology
- Marine Technology
- Marine Towing
- Green Construction
- Electronic Gaming
- Nursing
- Wood Products
- Recreation
- Professional Services

No current state or federal $
High Skills, High Wages Strategic Fund

- Advance the competitive position of regionally targeted industry clusters through workforce and economic development partnerships.

- Increase cluster-specific worker training and employment opportunities focused on middle skill jobs.

- Middle skill jobs require at least one year of education or training after high school but not a baccalaureate degree.

- Administered by the Workforce Board
- WIA 10% funds ($850k) in 2008-10

Distinguishing features:
- Regional
- Industry cluster focused
- Forward looking and transformative
- Close skill gaps
- Sustainable
- Collaborative and coordinated
- Organizational transformation
- Replicable & measurable
SHB 1091 established Innovation Partnership Zones to encourage research institutions, workforce training organizations, and globally competitive companies to work cooperatively in close geographic proximity to create commercially viable products and jobs.
Workforce Innovation in Regional Economic Development

- The WIRED grant program provided flexible funds for workforce and economic development entities to work together to transform industries to be competitive in the 21st century.

- DOL - 2006

- Vision: Establish a state version of the federal WIRED grant to promote workforce and economic development in strategic industry clusters.

- Local practitioners and policy leaders have commented on the lack of funding that is not tied up in existing bureaucratic requirements.
Cluster-Based Economic Development Grants (CTED - Commerce)

$400,000 (2007) – Assessing cluster needs and coordinating cluster partnership teams

- NW Marine
- Inland NW Aerospace
- Walla Walla Wine
- Puget Sound Clean Tech Alliance
- Peninsula Marine Services

No current state or federal $
State policy:
• The “what” – sector strategies writ large.
• Establish a vision for good work to be done.
• What policy considerations are made at state level to enable locals/regions to implement sector strategies?
• What is the state’s oversight and coordinating role?

Local and regional implementation:
The “how” – localized/regionalized tactics for closing gaps.
Initial Committee Deliverables relating to sector strategies

Sector Strategy and Industry Engagement, including:

• Identify targeted sectors, including required data analysis
• Recommend guidelines for local sector targeting
• Recommend guidelines for incumbent worker training programs
• Identify critical skill gaps and recommend solution strategies
Key Questions

• What can we “cream” from the good work already done?

One of my questions (a bit down in the weeds):

• The last cluster analysis was completed in 2008-09 for the state’s twelve workforce development areas. Should the 2008-09 analysis be refreshed to support implementing the sector strategy provisions of WIOA?

http://wtb.wa.gov/ClusterAnalysis.asp
Sector Strategies
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Appendices

- Common definitions
- Cluster identification variables
- Death by 1000 Links
**Sector**: A group of industries with similar business processes, products or services like construction or health services; categorized by the North American Industry Classification System (NAICS).

**Industry Cluster**: A geographic concentration of interdependent competitive firms that do business with each other, including firms that sell inside and outside of the geographic region as well as support firms that supply new materials, components, and business services. (RCW 43.330.090)

**Targeted Industries or Clusters**: Industries and industry clusters that are identified based on a strategic economic development consideration or other public concerns.
High Demand Common Definitions
Prepared by the Common Definitions Work Group, 2007

High Employer Demand Program of Study: Undergraduate or graduate certificate or degree program in which the number of students prepared for employment per year (from in-state institutions) is less than the number of projected job openings per year in that field—statewide, or in a sub-state region. Targeted funding for high-demand programs of study should be designed to address high-demand occupations or other critical shortage areas.

High-Demand Occupation: An occupation with a substantial number of current or projected employment opportunities.

High Student Demand Program of Study: Undergraduate or graduate certificate or degree program in which student demand exceeds program capacity.
Cluster variables

SHB 1091 (2008) required the Workforce Board and the Economic Development Commission to jointly convene a work group to specify the process and criteria for identifying industry clusters.

The work group identified 13 variables to serve as criteria for identifying clusters and, as a subset, strategic clusters for targeted workforce and/or economic development efforts.

A consultant completed data collection and analysis for the 12 WDAs for the 13 variables in 2008-09.

1. location quotient
2. employment level
3. output
4. earnings/worker
5. % of occupations in middle wage range
6. % of occupations in high wage range
7. change in establishments 2001-2007
8. change in employment 2001-2007
10. % employment increase 2006-2016
11. R&D occupations as a percent of total employment
12. exports as a percent of output
13. output/employment.
Governor Inslee’s Office of Economic Development and Competitiveness:
http://www.commerce.wa.gov/Economic-Development/Industry-Sectors/Pages/default.aspx
Workforce Board cluster materials (numerous):
http://www.wtb.wa.gov/StrategicClusterPolicy.asp
http://www.wtb.wa.gov/ClusterAnalysis.asp
Centers of Excellence:
http://www.sbctc.ctc.edu/college/_e-wkforcecentersofexcellence.aspx
Industry Skill Panels (Workforce Board records) http://www.wtb.wa.gov/IndustrySkillPanel.asp
High Skills/High Wages Strategic Fund: http://www.wtb.wa.gov/HSHWStrategicFund.asp
Innovation Partnership Zones
WIRED http://en.wikipedia.org/wiki/Workforce_Innovation_in_Regional_Economic_Development