

Process for Proposing Changes to the State List of Strategic Clusters for Workforce Development

Washington Workforce Training and Education Coordinating Board
April 2009

Purpose

Local areas may provide supplemental data and supporting evidence to improve the state list of strategic clusters for workforce development. This document provides guidelines for submitting data and evidence, plus an explanation of how proposals will be reviewed by the Workforce Board.

Organizational Collaboration

Workforce Development Councils (WDCs) are encouraged to work together with Associate Development Organizations (ADOs) to submit supplemental data. Additional partners that may offer valuable consultation include Employment Security Department Regional Labor Economists, community and technical colleges, colleges and universities, and industry organizations.

State and Local Cluster Lists

This is the process for improving the **state list** of strategic clusters for workforce development, produced by the Washington Workforce Training and Education Coordinating Board (Workforce Board).¹ Local areas are free to maintain their own lists of industry clusters for local purposes.

Policy and Guiding Principles

It is the policy of the Workforce Board to identify strategic industry clusters 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. Rankings of strategic clusters shall be used to steer investments toward those clusters that are most strategic for workforce development. The Board will guide investments toward clusters that are at the higher rather than the lower end of the strategic rankings.

Guiding Principles for this Policy

- Methodologies for identifying strategic clusters inform and guide investment decisions by basing them on evidence-based, quantitative data.
- Workforce and economic development partner agencies, such as Community, Trade and Economic Development, may work from different lists of strategic clusters because investment strategies vary.
- In the interest of consistency, the Workforce Board encourages partner agencies to use a shared set of cluster source data and indexing processes to identify strategic clusters.
- Clusters are but one of many strategies for workforce and economic development.
- Local areas may provide supplemental data and supporting evidence that the Workforce Board can use to improve the state list of strategic clusters.

¹ Strategic cluster lists were an outcome of work conducted collaboratively by the Workforce Board, Department of Community, Trade and Economic Development, and Economic Development Commission in 2008 and 2009. See <http://www.wtb.wa.gov/StrategicClusterPolicy.asp> for links to detailed background information.

Process for Proposing Changes to the State List of Strategic Clusters for Workforce Development

Washington Workforce Training and Education Coordinating Board
April 2009

- *Potential* (or “emerging”) clusters that do not yet exist are not identified in the scope of the 2008-09 analysis of clusters and strategic clusters. They do, however, have a role in other workforce and economic development initiatives.
- The geographic locus of strategic clusters is regional, not statewide.
- The strategic cluster list should be updated periodically to keep pace with changing economic conditions.

More Information

Background information, criteria for identifying strategic clusters and the current cluster list are located online at: <http://www.wtb.wa.gov/StrategicClusterPolicy.asp>.

Guidelines for Submitting Supplemental Data and Supporting Evidence

1. To **add or expand** a cluster from the current strategic clusters list, submit the following in a table (Word or Excel). Please source all data using footnotes.
 - a. List of all industries in cluster using NAICS codes or IMPLAN sectors
 - b. Cluster location quotient and its numerator/denominator (all industries combined). The base area (also called reference area) must be the U.S. If the analysis area (i.e., the local region) differs from a WDA, please add an explanatory note.
 - c. Narrative or quantitative supporting evidence that justifies the addition or expansion of the cluster to the workforce strategic clusters list. This information may include citations from strategic workforce and/or economic development plans, findings from economic analyses, etc.
2. To **remove** a cluster from the current strategic cluster list, submit the following:
 - a. Name of cluster proposed to be cut as it appears in the report *Industry Cluster Analysis for Washington State Workforce Development Areas* (<http://www.wtb.wa.gov/ClusterAnalysis.asp>)
 - b. Narrative or quantitative supporting evidence that justifies the subtraction of the cluster to the workforce strategic clusters list. This information may include citations from strategic workforce and/or economic development plans, findings from economic analyses, etc.
3. To **narrow or refine** a cluster on the current strategic cluster list, submit the following:
 - a. List of proposed industries in cluster using NAICS codes or IMPLAN sectors
 - b. Location quotient and its numerator/denominator for cluster (all industries combined). The base area (also called reference area) must be the U.S. If the analysis area (i.e., the local region) differs from a WDA, please add an explanatory note.
 - c. Narrative or quantitative supporting evidence that justifies the narrowing of the cluster. This information may include citations from strategic workforce and/or economic development plans, findings from economic analyses, etc.

Process for Proposing Changes to the State List of Strategic Clusters for Workforce Development

Washington Workforce Training and Education Coordinating Board
April 2009

4. To **reprioritize** a cluster on the current strategic cluster list submit the following:
 - a. Cluster criteria that should be taken into consideration in reprioritizing the cluster for workforce development purposes (e.g., data such as employment, % of employment in mid- or high-wage occupations, wages, projected employment change). Because we're prioritizing strategic clusters for *workforce development* please focus on criteria that address workforce, rather than broader economic development goals unless those broader goals lead to outcomes that justify workforce investments. Data should be submitted in a table (Word or Excel). Please source all data using footnotes.

Submission Instructions

Proposals may be made anytime. Please submit each proposal by email to Yvonne Chase (yvonne.chase@wtb.wa.gov). We encourage WDCs to contact the Workforce Board prior to submitting proposals to discuss the issue and develop the analysis. Technical assistance is available.

Review Process:

Proposals will be reviewed by Workforce Board staff using the following guidelines:

1. Timeliness of data: Are the data presented current/recent enough that they describe the current conditions of the cluster?
2. Reliability and reputation of sources used for data and supporting evidence.
3. Overall consistency with definitions and intent of SHB 1091 and the overall findings of the report *Industry Cluster Analysis for Washington State Workforce Development Areas*.
4. Consistency with the Workforce Board's *Criteria for Identifying Strategic Industry Clusters for Workforce Development* which states:

“...employment and the percent of middle- and high-wage occupations (jobs) are the variables that offer the most direct indicators of a cluster's potential to offer good and plentiful employment opportunities to the state's workforce.”
5. Consistency with the operational definition of clusters used in the report *Industry Cluster Analysis for Washington State Workforce Development Areas*. The operational definition establishes a threshold above which clusters are included in each WDA's list:
 - a. Industries with high location quotients;
 - b. Combinations of industries with high location quotients and industries to which these “core industries” are tied by large sales or purchase coefficients; and
 - c. Large industries (by employment) with more modest location quotients greater than 1 but less than the standard “floor” level for that region.