

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 152
JANUARY 27, 2011**

**EXTENDING AND APPENDING
WORKFORCE DEVELOPMENT COUNCIL (WDC) STRATEGIC PLANS**

Extending WDC Strategic Plans

The Workforce Development Councils design their local area Strategic Plans following guidelines adopted by the Workforce Board. The goals, objectives and strategies in the current WDC Strategic Plans are aligned and consistent with *High Skills, High Wages 2008-2018: Washington's Strategic Plan for Workforce Development*. The WDC Strategic Plans expire on June 30, 2011. Workforce Board staff recommend that the end date of the current WDC Strategic Plans be extended through June 30, 2013. This makes sense since the next update of *High Skills, High Wages* will not occur until the fall of 2012. The best timing for the WDCs to write new strategic plans would be following the adoption of the state plan update. Upon adoption of the state plan update, the Workforce Board would issue guidelines to the WDCs for their use in developing new Strategic Plans due to the Workforce Board on March 31, 2013. (See Recommended Motion No. 1 and Background Paper under this tab.)

Appending Workforce Board and WDC Strategic Plans

In 2009, at the request of the Workforce Board, the Legislature enacted Substitute House Bill 1323 establishing strategic clusters as the organizing framework for coordinating state and local workforce and economic development planning and service delivery. State statutes direct the Workforce Board to identify strategic industry clusters for workforce development in the state plan for workforce development, "High Skills, High Wages." Statutes also direct Workforce Development Councils to identify area strategic clusters in their local strategic plans.

There are two phases to this effort. The first phase, which has been completed, consists of a state quantitative analysis of the data to identify clusters, including which ones are more strategic than others. The second phase consists of conversations and exchanges of data with local areas to reconcile state and local lists of strategic clusters. We are now ready to begin the second phase.

Once the second phase is completed, the Workforce Board will be in a position to "append" the updated list of strategic clusters to *High Skills, High Wages*. Following this action, the Board would request that each WDC "append" their local area Strategic Plan to incorporate a strategic cluster list more closely aligned to the state's list of regional strategic clusters. (See Recommended Motion No. 2 and Background Paper under this tab.)

Board Action Requested: Adoption of the recommended motions.

RECOMMENDED MOTION # 1

WHEREAS, The 2009-2011 local area Strategic Plans for the Workforce Development System currently include goals, objectives, and strategies that are aligned and consistent with High Skills, High Wages 2008-2018: Washington's Strategic Plan for Workforce Development;

WHEREAS, These local area strategic plans will expire on June 30, 2011, unless the end date of the plans is extended;

WHEREAS, The best timing for the Workforce Training and Education Coordinating Board to direct Workforce Development Councils to develop new local area Strategic Plans for the Workforce Development System would be following the adoption by the Board of a 2012 update to High Skills, High Wages;

THEREFORE BE IT RESOLVED, That the end date of the current local area Strategic Plans for the Workforce Development System be extended through June 30, 2013.

THEREFORE BE IT FURTHER RESOLVED, That the Workforce Training and Education Coordinating Board, following the adoption of a High Skills, High Wages plan update in 2012, issue guidelines to the Workforce Development Councils on the development of new local area Strategic Plans for the Workforce Development System;

RECOMMENDED MOTION # 2

WHEREAS, The state's regional strategic cluster list and the Workforce Development Councils' regional strategic cluster lists should be updated periodically to keep pace with changing economic conditions; and

WHEREAS, The Workforce Board Training and Education Coordinating Board will work jointly with the Workforce Development Councils to update and align regional strategic cluster lists;

THEREFORE BE IT RESOLVED, That the Workforce Training and Education Coordinating Board and the Workforce Development Councils append their strategic plans to incorporate updated and aligned lists of regional strategic clusters once a six-month joint review and update process is completed.

Background Information

Extending the end date of the Workforce Development Council Strategic Plans for the Workforce Development System

The Workforce Board adopted *High Skills, High Wages 2008-2018: Washington's Strategic Plan for Workforce Development* on September 25, 2008. In accordance with HB 1394, the plan was developed to cover a 10-year period. HB 1394 also directed the Workforce Board to update the plan every four years. The next update to *High Skills, High Wages* should be completed in the fall of 2012.

Governor Executive Order 99-02 (EO 99-02) directs Washington State Workforce Development Councils (WDCs), in partnership with Chief Local Elected Officials to develop and maintain two local area plans:

1. An Operations Plan for Title I-B employment and training programs funded under the Workforce Investment Act (WIA).
2. A Strategic Plan for the Workforce Development System.

EO 99-02 requires that these local plans be aligned and consistent with the goals, objectives, and strategies in *High Skills, High Wages*. In March 2009, the Workforce Development Councils submitted 2009-2011 local strategic plans to the Workforce Board for Board review. After confirming that the updated local strategic plans were aligned and consistent with *High Skills, High Wages 2008-2018: Washington's Strategic Plan for Workforce Development*, the Workforce Board recommended Governor approval of the plans on May 5, 2009. Governor Gregoire approved the local strategic plans on July 7, 2009.

The current local strategic plans present the priorities of the WDC and its partners. The plans describe strategies to increase skill levels, employment, earnings, productivity, customer satisfaction, reduce poverty, and increase the return on workforce development investments in the area. Further, these local area strategic plans:

- Articulate a vision for the local area's workforce development system.
- Made use of a planning process that assured opportunities for business, labor, Chief Local Elected Officials, program operators, WorkSource partner agencies, and others to communicate their needs, offer their perspectives and expertise, and participate in the process.
- Include background chapters that: 1) assess the local area economy, its future course, and the market-driven skills it will demand; 2) analyze local area economic development strategies and how workforce development strategies are linked to economic development strategies; 3) assess the current and future workforce in the local area (demographic characteristics, educational and literacy levels, and planning implications); 4) describe the workforce development system in the local area; and 5) provide information on performance accountability.

Unless extended, the current local area Strategic Plans for the Workforce Development System expires on June 30, 2011.

Staff to the Board recommends that the current local area Strategic Plans for the Workforce Development System be extended through June 30, 2013. This makes sense since the next update of *High Skills, High Wages* will not occur until the fall of 2012. The best timing for the WDCs to update their local area strategic plans would be following the Workforce Board's adoption of the state plan update. This extension should in no way limit a WDC's ability to update the background chapters of their strategic plan in the interim.

Updating Washington's Strategic Cluster for Workforce Development list

Identifying State and Local Strategic Industry Clusters

In 2009, at the request of the Workforce Board, the Legislature enacted Substitute House Bill 1323 establishing strategic clusters as the organizing framework for coordinating state and local workforce and economic development planning and service delivery. State statutes direct the Workforce Board to identify strategic industry clusters for workforce development in the state plan for workforce development, "High Skills, High Wages." Statutes also direct Workforce Development Councils to identify area strategic clusters in their local strategic plans.

The Workforce Board and the Economic Development Commission established a workgroup to provide advice on identifying strategic clusters. The workgroup recommended that the process occur in two phases. The first phase should consist of a state quantitative analysis of the data to identify clusters, including which ones are more strategic than others. The second phase should consist of conversations and exchanges of data with local areas to reconcile state and local lists of strategic clusters.

Phase I

The first phase has been completed. The Workforce Board and the Economic Development Commission contracted with Paul Sommers of Seattle University, and William Beyers and Andrew Wenzl of the University of Washington to crunch the numbers and identify the clusters in each of the 12 workforce areas in Washington. Workforce Board staff then developed a methodology to rank order the clusters in each area according to how strategic they are for workforce development. Strategic clusters for workforce development shall be identified by creating an index of the 12 variables provided in the Sommers analysis plus output per employee and weighting three workforce variables to count twice, as shown below.¹

¹ Sommers et al, *Industry Cluster Analysis for Washington State Workforce Development Areas*, November 2008. <http://www.wtb.wa.gov/ClusterAnalysis.asp>

Rationale: Of all the characteristics examined in the cluster study, **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.

Based on these criteria, on March 12, 2009, the Workforce Board formally adopted a list of strategic clusters for the state’s 12 regional Workforce Development Areas.

Cluster Analysis Variables	Workforce Index
Location Quotient	✓
Employment	Count twice
Output	✓
Earnings/ Worker	✓
Percent of Occs. in Middle Wage Range	Count twice
Percent of Occs. in High Wage Range	Count twice
Change in Establishments 2001-07	✓
Change in Employment 2001-07	✓
Change in Wages 2001-07	✓
Projected Empl. Increase 2006-16	✓
R & D Occupations as a Percent of Total Empl.	✓
Exports as a Percent of Output	✓
Output/Employment	✓

At the same time, the Workforce Board adopted a policy for the use of the list of strategic clusters, as follows.

Purpose

This policy explains the Workforce Board’s policy on using *strategic* industry clusters for workforce development.² Focusing on strategic clusters helps assure that workforce investments are prioritized for clusters that have the best outlook for employment and wages.

Policy

The Workforce Board policy is:

- 1) 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.
- 2) Rankings of strategic clusters shall be used to steer investments toward those clusters that are most strategic for workforce development. The Workforce Board will guide investments toward clusters that are at the higher rather than the lower end of the strategic rankings.

Guiding Principles

- 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 the Department of Commerce 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.

² **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, business services, and other institutions including government and education.

- 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 lists of strategic clusters.
- *Potential* (or “emerging”) clusters 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.
- Strategic cluster lists shall be updated periodically to keep pace with changing economic conditions.

Phase II

It is now time to begin phase two, exchanging data and holding discussions with Workforce Development Councils in order to reconcile and improve the state and local lists of strategic clusters.

To meet the requirements of SHB 1323, the Workforce Board recently compiled local lists of strategic clusters and created a table comparing state and local lists. The table is shown in an appendix at the end of this paper.

The table shows there is overlap, but not complete alignment between the clusters identified by the Workforce Board as strategic for workforce development, and the strategic clusters identified by local areas. Some of the differences are because local areas have included clusters that are not apparent in the North America Industry Classification System (NAICS) categories used by the state. Examples include advanced manufacturing and biotechnology which are not industry sectors identified in NAICs. Some other differences are due to local areas including sectors they hope will emerge as a local cluster in the future. For example, some areas have identified clean energy production. In other cases, the reason for the difference is not apparent. Local WDCs and economic development councils may have more current and/or complete information that is not included in the state’s data.

By working together and by considering supplemental data and supporting evidence, state and local partners will be able to add or expand, remove, narrow, refine and/or reprioritize clusters on the cluster lists.

Once this work is completed, the Workforce Board will be in a position to “append” the updated list of strategic clusters to *High Skills, High Wages*. Following this action, the Board would request that each Workforce Development Council “append” their local area Strategic Plan for the Workforce Development System to incorporate a strategic cluster list more closely aligned to the state’s list of regional strategic clusters. By taking these steps, we will meet the requirements of SHB 1323 to identify strategic clusters for workforce development in state and local strategic plans.

Appendix

State and Local lists of Strategic Clusters for Workforce Development

Workforce Development Area	State Strategic Clusters (by workforce rank order)	Local Cluster Emphasis*
Olympic WDA Clallam, Kitsap, and Jefferson Counties	-Navy Focused Cluster -Ship and Boat Building -Architectural and Engineering -Construction -Wood Products -Nursing and Residential Care Facilities	-Marine and Advanced Manufacturing -Health Care -Energy Efficiency -Clean Technology -Financial Services -Retail
Pacific Mountain WDA Grays Harbor, Mason, Lewis, Thurston, and Pacific Counties	-Forest Products -Animal Production (except cattle and poultry) -Coal Mining -Heavy and Civil Engineering -Construction -Sporting Goods Manufacturing -Health Care Services	-Agriculture/Aquaculture -Construction -Manufacturing -Energy -Defense -Health Care -Tourism
Northwest WDA Whatcom, Skagit Island, and San Juan Counties	-Petroleum Refining -Boat Building -Forest Products -Agriculture and Food Products -Fishing and Seafood Processing -Heating Equipment -Aluminum -Cement and Concrete -Manufacturing	-Marine, Wood Product, and other Advanced Manufacturing -Professional and Business Services -Construction (residential and industrial) -Freight Transfer -Education and Health Services (includes hospital/ long-term care)
Snohomish County WDA Snohomish County	-Aerospace -Abrasive Products Manufacturing -Sheet Metal Products -Military -Electrical Machinery -Specialty Trades Construction	-Aerospace and Manufacturing -Manufacturing -Biotechnology -Business and Technology Services -Education -Construction and Trades
Seattle-King County WDA King County	-Software/Computer Services (including programming) -Aerospace -Health Care -Water Transportation (of passengers and cargo) -Scientific Research and Development -Specialty Construction (such as utility, street/bridge)	-Information Technology -Health Care -Trade, Transportation, and Logistics (including Maritime) -Manufacturing -Clean and Green Technology -Construction

Tacoma-Pierce County WDA Pierce County	-Military -Computer Services -Aircraft Parts Manufacturing -Gypsum Products Manufacturing -Health Care Practitioners' Offices -Construction -Office Administrative Services -Plastic Bottle Manufacturing	-Military -Computer Services -Aerospace Manufacturing -Plastics Manufacturing -Concrete Pipe and Gypsum Products -Physicians Office -Construction -Office Administrative Services
Southwest Washington WDA Clark, Cowlitz, and Wahkiakum Counties	-Forest Products -Federal Electrical Utilities -Health Care Services -Industrial Machinery (sawmill and paper machinery manufacturing) -Construction -Semiconductors -Pump, Air, and Gas Equipment -Manufacturing	-Manufacturing (metals and paper) -Health Care Industry -Transportation
North Central WDA Chelan, Okanogan, Grant, Douglas, and Adams Counties	-Health Care Services -Agriculture and Food Products -Electrical Utilities -Cut Stone Production -Metal Manufacturing	-Health Care -Agriculture -Food Processing -Advanced Manufacturing -Industrial Technology
South Central WDA Yakima, Kittitas, Klickitat, and Skamania Counties	-Agriculture and Food Products -Motor Home Manufacturing -Ornamental Metalwork -Forest Products -Health Care Services -Warehousing	-Agriculture/Food Processing -Manufacturing -Construction -Health Care -Clean Technology/Renewable Energy
Eastern Washington Partnership WDA Ferry, Pend Oreille, Garfield, Stevens, Columbia, Lincoln, Whitman, Asotin, and Walla Walla Counties	-Mining -Forest Products -Heating and Equipment (except warm air furnaces) -Depository Credit Organizations -Agriculture and Food Products -Agriculture and Forestry Supply Services -Cattle Ranching	-Mining -Finance -Health Care -Agriculture -Utilities -Retail -Legal Services -Manufacturing -Construction
Benton-Franklin WDA Benton and Franklin Counties	-Computer Related Services -Waste Remediation and Management -Health Care Services -Architecture and Engineering -Scientific Research and Development -Other Basic Inorganic Chemical Manufacturing	-Administrative and Data Processing -Technology Manufacturing -Warehousing and Distribution -Research and Development Operations (energy and bio-processes) -Food and Agriculture -Wholesale and Retail Trade

	-Agriculture and Food Products	
Spokane Area WDA Spokane County	-High Tech Manufacturing -Health Care Services -Construction -Professional and Technical Services	-Manufacturing -Health Care -Health Sciences -Construction -Business and Professional Services

*Note: Regional Clusters include all clusters selected by local WDC and aren't listed in particular order.