

# SENATE BILL REPORT

## SB 5048

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As of February 3, 2009

**Title:** An act relating to coordinating workforce and economic development.

**Brief Description:** Providing for coordination of workforce and economic development.

**Sponsors:** Senators Kilmer, Kastama, Schoesler, Shin, Delvin, Kauffman, King and Pridemore; by request of Workforce Training and Education Coordinating Board.

**Brief History:**

**Committee Activity:** Higher Education & Workforce Development: 2/03/09.

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### SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

**Staff:** Wendy Malkin (786-7434)

**Background:** Governor Gregoire's *The Next Washington* (2007) presents an action plan for growing jobs and income in a global economy. *The Next Washington* calls for improving partnerships among workforce and economic development efforts at the state and regional levels. Subsequently, Governor Gregoire called upon the Workforce Training and Education Coordinating Board (Workforce Board), the Department of Community, Trade, and Economic Development (CTED), and the Economic Development Commission (Commission) to develop a plan to support coordination at the state and regional levels, with special emphasis on key economic clusters.

In 2007 the Governor's Policy Office convened a group of stakeholders to develop common definitions for workforce and economic development terms. The group developed common definitions for the terms "industry cluster" and "sector." Industry cluster means a geographic concentration of interconnected companies in a single industry and related businesses in other industries, including suppliers, customers, and associated institutions. Associated institutions includes government and education institutions. For example, the aerospace industry in Snohomish and King Counties is an industry cluster. A sector is a group of firms with similar business processes, products, or services; for example, construction or health services. A cluster is not restricted to firms within a sector since it includes related firms and institutions in other industries.

**Summary of Bill:** The bill as referred to committee not considered.

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**Summary of Bill (Proposed Substitute):** The workgroup's common definition of industry cluster is added to statute; and, state agencies and local organizations with missions related to workforce and economic development are directed to coordinate their efforts to assist industry clusters.

The Workforce Board must work with CTED and the Commission to ensure coordination among workforce training priorities, the state's long-term economic development strategy, assistance to industry clusters, and entrepreneurial development. In its comprehensive plan for workforce training and education, the Workforce Board must identify the strategic industry clusters targeted by the workforce development system.

The Commission is added to a committee advising CTED on its industry clusters grant program. In addition, eligible grant activities and grant priority are specified.

The Commission is directed to include industry clusters and targeted strategic clusters in its biennial report. The Commission must consult with the Workforce Board and include labor market and economic information provided by the Employment Security Department (ESD) in developing the list of clusters and strategic clusters. The ESD must analyze labor market and economic data in order to identify industry clusters and strategic industry clusters.

The State Board for Community and Technical Colleges (SBCTC) must designate and fund new and existing centers of excellence on a competitive basis. A center of excellence is a community or technical college designated by the SBCTC as a statewide leader in industry-specific workforce education and training. Priority in such designation is to be given to applicants with established programs serving a targeted industry cluster within its own region.

A definition of workforce development council is added to statute. A workforce development council is a local workforce investment board as established in federal law. A council must develop and maintain a unified local plan, including a strategic plan, for the workforce development system. The plan must articulate the connection between local workforce and economic development efforts, including in relation to the area industry clusters.

Workforce development councils and associate development organizations must participate in coordinated regional planning efforts, including assistance to regional industry clusters.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This bill is the result of ongoing efforts to coordinate workforce development and economic development around industry clusters. This is request legislation from the Workforce Board. The Governor initiated efforts for the

Workforce Board, the Commission, and CTED to develop a plan to coordinate efforts in workforce development and economic development to support industry clusters. The three agencies developed a draft report for the plan, which was shared around the state. Feedback validated what the draft recommends. However, the Workforce Board did receive feedback that regional areas have already done work to identify industry clusters, and the state is behind in this work. The bill fills in the gaps in statute by making language consistent and coordinating efforts in supporting industry clusters. Work on industry clusters is just one strategy for workforce development and economic development.

**Persons Testifying:** PRO: Senator Kilmer, prime sponsor; Bryan Wilson, Workforce Development Board.