

Regional Innovation Clusters

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National Economic Council

2010

I. WHY REGIONAL INNOVATION CLUSTERS (RICS)

Regional Economic Development and Planning

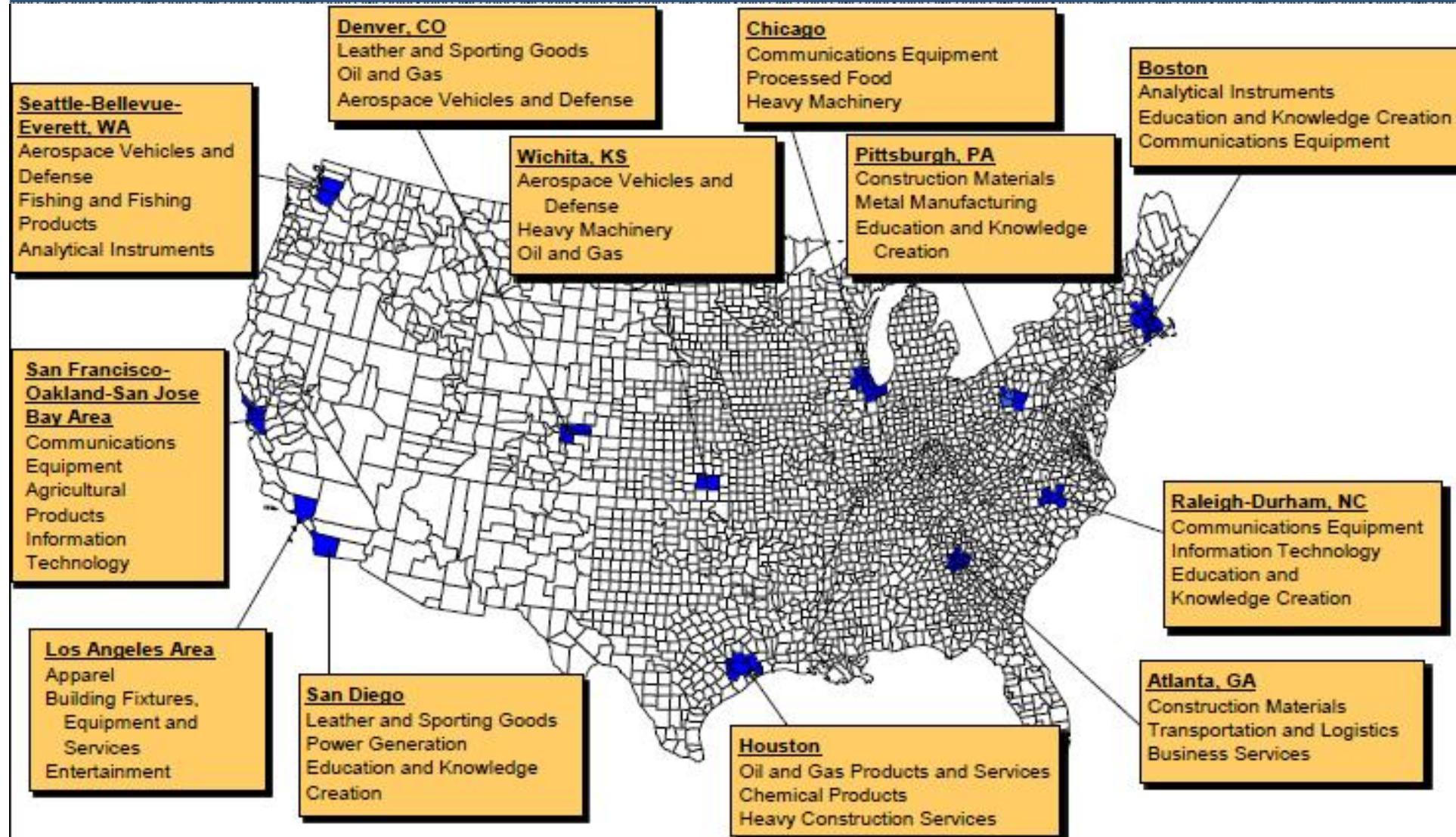
During past 10+ years regional economic planning has become more broadly used by communities.

- Evolving practice where a consortium of cities, counties, states, businesses, educators and community leaders come together to identify smart economic planning and growth strategies for a region
- The regionally-led consortia conduct regional assessments of local industries and generate the “pull” for work force skills, advanced education and other assets that can be leveraged for higher growth.
- Businesses are attracted to a regional strategy
 - They no longer look at just local resources;
 - They look for regional resources that can support scale and growth.
- Employees no longer work within defined city boundaries – they are mobile and sometimes virtual and cross city, county and/or across state boundaries.

Next Generation of Smart Regional Economic Planning Practices

- Over the past several years, RIC's have developed to:
 - Identify active channels (industries/technologies) for business transactions, communications, shared specialized infrastructure, labor markets and services
 - Draw on expertise of local universities/colleges, government research centers and other R&D resources
 - Develop a regional economic strategy that integrates tech transfer, commercialization innovation, business growth and job creation
- Economic studies suggest that clusters lead to higher paying jobs; more robust regional economies
- There have been pockets of cluster development in Austin (semiconductor); Corning (optics); Seattle (BioSciences); Kansas (Aviation) – but without formal US policy
- RICs are supported by National Governors Association; Metro Mayors Caucus; Council of State Governments; Association of Public and Land-grant Universities; The Brookings Institution; Center for American Progress

Selected RIC Activities



Note: Clusters listed are the three highest ranking clusters in terms of share of national employment.

Source: Cluster Mapping Project, Institute for Strategy and Competitiveness, Harvard Business School, 11/2006.

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Case Study: Kansas and Aviation

- Employs 17.8% percent of all Kansas manufacturing employees and contributes 26% of manufacturing wages
- In 2006, the average annual wage for all industries in the U.S. was \$40,000. The average annual wage for an employee in the KS aviation cluster in 2006 was more than \$63,000
- Expected to gain 4,450 net new employees from 2004 to 2014 (when taking retirement and turnover into account this number grows to 10,000 total net new jobs)
- Largest need will be for bachelor's degree holders
- Sedgewick County employed 89.8 percent of all aviation manufacturing employees in the state of Kansas in 2006

Source: "Kansas Aviation Manufacturing". Center for Economic Development and Business Research, W.Frank Barton School of Business. Wichita State University, September 2008

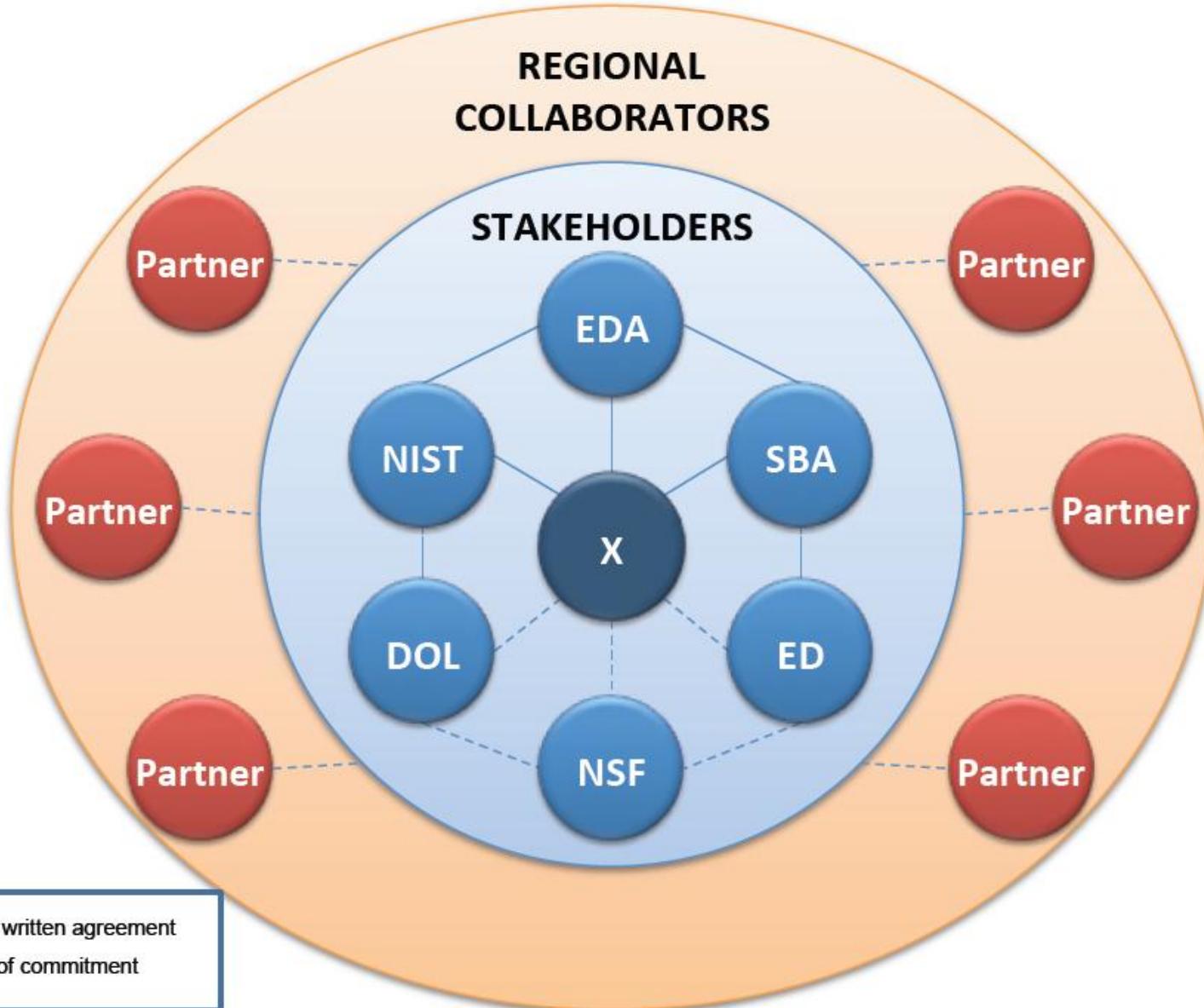
Why is the White House Interested in Promoting RICs?

- Regions can work closely with the federal government to consciously focus on the creation of shared advantages within clusters to:
 - create jobs
 - create businesses
 - stimulate long-term economic growth.
- Sallet, Paisley, Masterman, “The Geography of Innovation”. Center for American Progress. 9/2/09
- Leverage federal programs to “get more bank for the buck” and create a multiplier effect – Stronger regional economies contribute to stronger national economy
- Leverage existing federal dollars with funds from state, regional and local public and private sources
- Promote more efficient grant making; more closely align federal research dollars and opportunities to commercialize; create opportunities for new jobs, better paying jobs

Goals & Outcomes

- Encourage collaboration at the regional level – such as workforce development partnerships; co-planning between EDA, MEP, SBA and regional partners; linking supply and demand with the job cycles of the cluster
- Promote collaboration at federal and regional levels to link, leverage and align federal, state and regional resources
- More effective use of existing dollars
- Develop a replicable joint funding template that can be used
- President's FY2011 budget has \$300M+ RIC funds for EDA, SBA, DOL, and USDA.

RIC Operations



Examples of Participating Entities

Agency X	EDA Co-Applicant	NIST Co-Applicant	SBA Co-Applicant
<ul style="list-style-type: none"> • Recipients from Agency X, as relevant 	<ul style="list-style-type: none"> • State and local governments • Universities • Regional government coalitions • Nonprofits working with local governments • Tribes 	<ul style="list-style-type: none"> • Pre-designated MEP Centers MEP centers may include: <ul style="list-style-type: none"> • Nonprofit organizations • Universities • Community colleges • State government organizations 	<ul style="list-style-type: none"> • Pre-designated SBDCs SBDCs may include: <ul style="list-style-type: none"> • Universities • Nonprofit organizations
RIC Partners			
<p>DOL-Funded RIC Partners</p> <ul style="list-style-type: none"> • Workforce Investment Boards • One-Stop Career Centers • Registered Apprenticeship Programs • Community-based organizations • Community colleges 	<p>ED-Funded RIC Partners</p> <ul style="list-style-type: none"> • Community colleges and other postsecondary institutions • Career and technical colleges • Adult education centers • Secondary career and technical programs and schools 	<p>All Other RIC Partners</p> <ul style="list-style-type: none"> • Local, state, and regional government entities • Private sector entities • Nonprofit community organizations • Labor organizations 	
Stakeholders			
<ul style="list-style-type: none"> • Neighborhood associations and resident community groups • Tenant advocacy groups • Community service organizations 	<ul style="list-style-type: none"> • Local nonprofits and foundations • Local, regional, and state government entities • Community-based organizations 	<ul style="list-style-type: none"> • Private sector (e.g., businesses, venture capitalists, business councils) • Labor organizations 	