



Statewide Planning Grant Case Study

Washington:

*Aligning with EDDs to Develop a
Manufacturing Innovation Cluster*

Key Takeaways

- Leveraging funds to bolster existing programs streamlines grant management and lowers logistical burdens.
- Making a conscious effort to include local and tribal voices increases local buy-in.
- While Washington already works with local organizations to administer programs, it may need to increase the number of EDDs in the state and work with existing EDDs more closely.

Introduction

In 2021, the Economic Development Administration (EDA) awarded Washington state a \$15 million grant to safely reopen businesses and support the state economy in the wake of COVID-19.¹ The Washington Department of Commerce used a portion of the EDA funding to create [9 innovation clusters](#) within clean energy technology, quantum computing, bioscience, sustainable aviation, and maritime transportation.² While the grant supported well-established regions with capacity to establish clusters, underserved communities were less equipped to draw funding. Moreover, Washington Commerce recognized that its initial EDA funding may not reach some other emerging industry clusters.

Washington used the \$1 million Statewide Planning Grant from EDA to launch the [Innovation Cluster Accelerator Program \(ICAP\) Launch](#) pilot program. ICAP Launch created two cohorts: 1) a cohort of four underserved communities to receive technical assistance in mobilizing public-private coalitions to create innovation clusters and \$50,000 capacity contracts, and 2) a cohort of seven potential and emerging innovation clusters that will receive technical assistance to organize their networks and pursue public investment for future projects.

What is ICAP Launch?

 CLUSTER STRATEGY WORKSHOPS Learn and implement strategies and techniques to connect industry ecosystem partners and facilitate collaboration	 1:1 CLUSTER SUPPORT Begin development of an industry-led innovation cluster strategy based on global best practices	 FUNDING STRATEGY Prepare to apply for future Innovation Cluster Accelerator cohorts as well as better position your network to pursue public and private funding opportunities	 CAPACITY BUILDING FUNDING (Cohort 1 only) \$\$\$ to augment administration and operations expenses
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Source: <http://icapwashingtonstate.org/icap-launch>

¹ <https://www.commerce.wa.gov/wp-content/uploads/2020/10/Overview-EDA-grant.pdf>

² <https://www.commerce.wa.gov/news/press-releases/commerce-partners-with-four-rural-communities-to-pilot-unique-twist-on-industry-led-economic-development-strategy/>

Project Summary

ICAP Launch was built from several conversations with stakeholders—specifically: Tribes, industry leaders, the state Manufacturing Extension Partnership (MEP) center, and EDDs. These conversations gave the Department of Commerce a more complete view of local capacity and potential interest in cohort style technical assistance. Once community interest was confirmed and needs were assessed, Commerce began collaborating with the Washington Economic Development Associations, EDDs, and universities to develop the candidate pool for ICAP launch. The Mid-Columbia Economic Development District (MCEDD) received a capacity grant from Commerce to help implement ICAP Launch technical assistance including convening regional stakeholders to build an innovation cluster developing unmanned aviation systems.

While the ICAP Launch program is still under development, the larger and previously funded ICAP program has already begun delivering exciting results for Washington. New clusters in quantum sciences, fusion energy, and aerospace engineering have begun development and the program has attracted state and national media attention. Nine clusters across the state have created worker training and placement opportunities, accelerated technological progress, driven investment into high growth technology sectors, and incentivized start-up creation and venture capital attraction. The new clusters participating in the ICAP Launch program are set to follow this model and bring economic growth and new jobs to underserved regions.

Alignment Spotlight

By the time Washington Commerce received the Statewide Planning Grant, it was already investing in industry-led collaboration and recognized that the exclusion of underserved communities and emerging clusters from existing efforts represented both a gap and an opportunity. As such, it was an easy decision for Commerce to dedicate the Planning Grant dollars to filling this gap in coverage.

With an eye to equity and inclusion, Washington Commerce pursued input from EDDs, tribes, and other relevant stakeholders to create the ICAP Launch program and ensure that underserved communities and emerging clusters were not left behind. While Washington Commerce did solicit input from regional actors, these meetings were mostly informative rather than collaborative

In implementation, Washington state chose the Mid-Columbia Economic Development District (MCEDD) as one of four cohorts to develop an innovation cluster. MCEDD indicated that Washington Commerce was communicative and helpful throughout the process. MCEDD is currently using the funding from the State Planning Grant to develop an unmanned aerial vehicle (UAV) cluster. Commerce offers continued assistance to MCEDD to support cluster development while ensuring that the project reflects the unique circumstances and specific needs of the region.

Roadblocks and Areas for Improvement

While the ICAP Launch project is a good example of state and local alignment on a discrete project, Washington may need a more cohesive network of EDDs to ensure continued statewide project alignment. At present, Commerce administers many of their local economic development

programs through Associate Development Organizations (ADOs). ADOs are local county-based economic development districts. ADOs are not EDDs, and since Washington's EDD network does not cover the full state, partnering with ADOs may make sense when developing strategies and implementing projects at the regional level. However, because EDDs can provide broader *regional* insight into economic development needs (as they often cover multiple counties) enhanced EDD coverage in Washington may ultimately improve regional planning and economic success.

Federal Linkages

Washington's project continues and fortifies an ongoing initiative and fills gaps in a nationally unique innovation cluster development program. Washington's 2021 Safe Start grant, which created the ICAP program, seeks to reach underserved communities, but did not contain specific provisions to bolster innovation clusters in those communities. The initial program also did not focus explicitly on emerging clusters which, at the time of funding, lacked capacity to become mature centers of innovation. However, with EDA's Statewide Planning Grant, Washington State Commerce was able to address this gap. In addition, local organizations were able to leverage Planning Grant funds to prepare applications for additional federal funding (e.g., the Distressed Area Recompete Pilot Program), reduce duplication by bringing together stakeholders across the state, and drive innovation and market investment.

Lessons Learned

The Washington ICAP Launch exemplifies state and local collaboration and complements a unique national project. Given the project success, other organizations should consider these:

- Statewide Planning Grant projects benefit greatly when implemented as part of an existing program. This reduces administrative burdens and allocates funds to well-established project objectives.
- Increasing the number and scope of the EDDs in Washington might benefit the state. As it stands, Washington generally works most often with ADOs when planning or administering programs at the local level. Greater EDD capacity may increase state and regional alignment.
- MCEDD mentioned that Commerce offered guidance while leaving room for MCEDD to shape the project to meet local needs. Local organizations have specialized knowledge that statewide organizations and governments lack. Leveraging local expertise, including EDDs, industry partners, and Tribal governments, will create projects which reflect local needs and preferences.

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