Michigan Industry Cluster Approach (MICA)

GUIDELINES

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I. Purpose

A demand-driven workforce system is the State of Michigan's primary workforce development strategy. This document provides the Michigan Works! Agencies (MWAs) with guidance and clarification regarding Michigan's Industry Cluster Approach (MICA). Workforce Development Agency (WDA) will continue to engage MWAs in developing future tools, policies, and documents related to MICA.

II. Rationale for Implementing Cluster Strategies

The evidence is convincing that industry clusters are an effective organizing framework for positively impacting economic and workforce development activities. Consequently more than 25 states[i] have adopted cluster strategies as the way to do business in states and regions. Michigan is taking this strategy to the next level by implementing the Michigan Industry Cluster Approach throughout the workforce system. The cluster approach is inherently demand-driven through the local engagement of employers to provide direct information on jobs in-demand, skill sets required, training program requirements and candidate assessment factors to improve successful transition from training to long-term employment.[ii] The U.S. Government Accountability Office (GAO) Study, January 2012, examined 14 local initiatives listed by experts as among the most promising or innovative efforts in which local workforce development boards collaborated with employers and other partners to achieve positive results. The results demonstrated an increased supply of skilled labor and job placements and a decrease in employer recruitment and turnover costs, as well as averted layoffs.[iii]

It is in the best interest of employers and job seekers to implement a demand-driven system based on a cluster strategy in response to 1) current employer demand; 2) the need for the workforce system to adapt to a changed labor market environment; and 3) the Michigan Works! System's goal of continuous improvement. Building upon an extremely positive performance track record based on the 17 Workforce Investment Act (WIA) performance measures and other accomplishments of the Michigan Works! System, continuous program improvement is necessary to maintain the system's high standing across the nation.

Additional reasons to adopt a cluster-focused, demand-driven system include:

- Arranging workforce development activity by cluster permits regions/MWAs to develop in-depth expertise on an industry and, thereby avoids the limitations of current job and related labor market information;

- Convening employers (who are the primary customer), and when appropriate, partners and other resources, allows comprehensive dialogue between employers and employment and training service providers, resulting in collaborative problem-solving;

creating unique approaches to career pathways; addressing curriculum strategies and supporting advocacy for the industry cluster to ensure competitiveness;

- Providing an environment to engage industry leadership on a broad range of workforce issues facilitates the identification of resources well beyond just WIA-funded programs. Many workforce issues outside the reach of WIA eligibility and funding require innovative partner collaboration in support of employer-sponsored training;

- Changing the focus of the workforce system shifts emphasis on talent issues to an industry-wide basis rather than on a single employer at a time; and

- Michigan has several years of experience with the cluster approach through Skill Alliances and the data/outcomes from the system has been very positive.

With a few notable exceptions, Michigan's workforce development system is operating largely on a supply-driven basis rather than on a demand-driven basis.[iv] In such a system there is a tendency to push programs and participants to employers rather than respond directly to occupations in industries employers find hardest to fill. This system is a carryover from a Michigan labor market with persistently high unemployment levels from the Great Recession and where the response was to train large numbers of unemployed and skill-deficient job seekers to help them enter or reenter the job market. A refined strategy and system is required as entry level jobs go unfilled and skilled workers are much more difficult to find, according to employers in many industries across the state. As Michael Porter, a renowned leader in cluster development, states, "A cluster-based workforce training system, for example, will train workers to fill actual jobs in the cluster and meet the actual skill needs of these jobs. This demand-driven approach stands in stark contrast to today's supply-driven training system, organized heavily by training providers." [v]
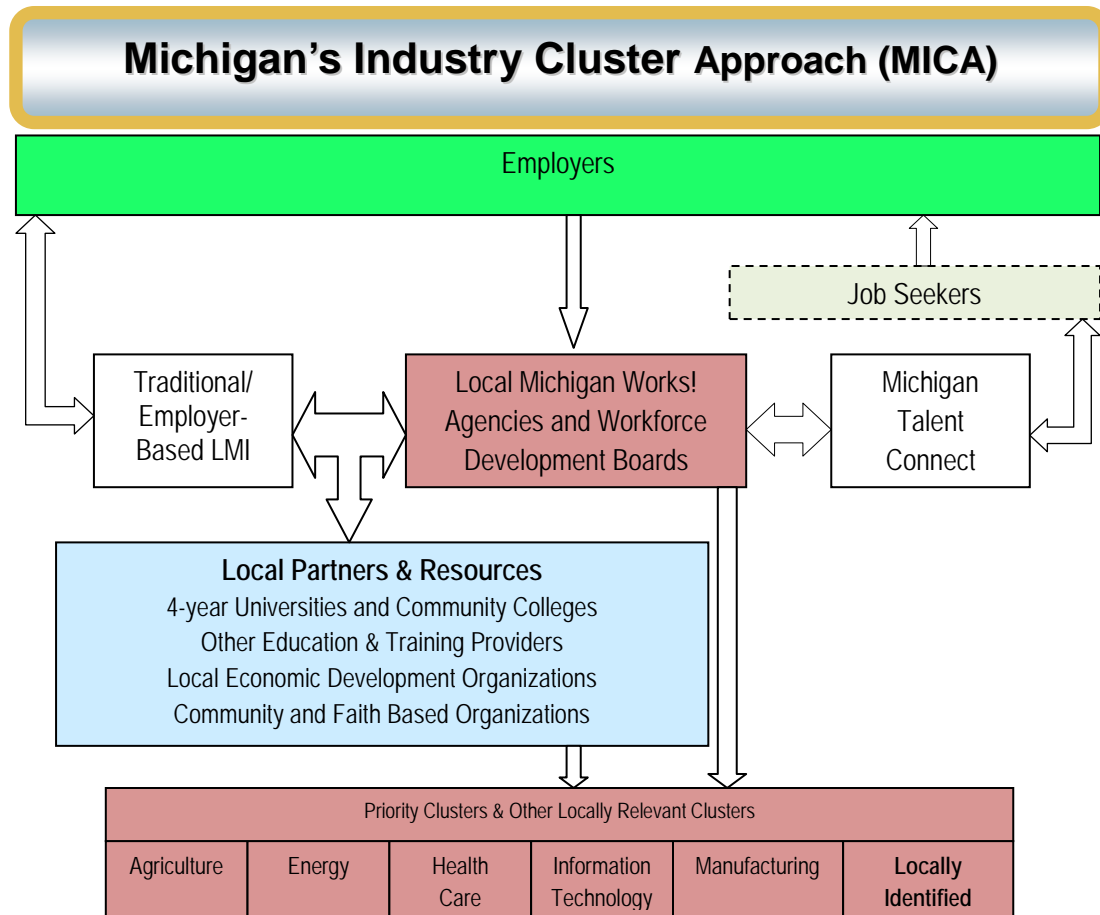
WDA, in collaboration with the Michigan Economic Development Corporation (MEDC) is implementing cluster strategies as a key approach to addressing employer needs. The WDA cluster strategy focuses on five broad industry clusters: agriculture, energy, healthcare, information technology (IT), and manufacturing. The five clusters were selected relative to their significance to the Michigan economy based on 14 economic measures. These measures may be categorized into the following cluster dimensions: current employment statistics; future expectations, employment concentration; wage and salary impact; and human capital and skills. MEDC is applying economic gardening principles at a very refined level of industry or economic cluster, for example photonics and advanced materials.

What is a cluster? – A cluster is a geographic concentration of related employers[1], industry suppliers, and support institutions in a product or service field. For the purposes of

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[1] It is possible that one employer may dominate a specific cluster within a region due to a high concentration of the local labor force.

workforce development, Michigan's clusters are broad industry sectors. In a practical sense, clusters are an organizing framework to permit the selection of significant industry sectors for which in-depth knowledge and expertise on workforce issues are developed by service providers that convene employers. A cluster leverages the knowledge and resources of all involved, decreases duplication of effort, and often achieves cost savings for training. The targeted outcome of MICA is a demand-driven workforce system.

Michigan's Industry Cluster Approach (MICA)

Employers

Job Seekers

Traditional/ Employer-Based LMI	Local Michigan Works! Agencies and Workforce Development Boards	Michigan Talent Connect

Local Partners & Resources
4-year Universities and Community Colleges
Other Education & Training Providers
Local Economic Development Organizations
Community and Faith Based Organizations

Priority Clusters & Other Locally Relevant Clusters					
Agriculture	Energy	Health Care	Information Technology	Manufacturing	**Locally Identified**

MICA uses a cluster prioritization framework to select key industries of the employment base. The purpose of selecting clusters is to convene employers to gather in-depth information about jobs in demand, skill gaps, training needs, employee screening factors, and other related issues.

It should be noted that although a Skills Alliance is a demand-driven approach to workforce development, it differs from a cluster approach in that a Skills Alliance focus is on a set of employers within a same industry or sector, whereas a cluster approach includes industry, its supply chain and supporting industries and businesses. Current Michigan Skills Alliances can readily move to a cluster approach by broadening their employer base to include the industry supply chain and support industries.

What is demand-driven? This definition, recently adopted by the MWA Director's Council states: "The purpose of a demand-driven workforce development system is to contribute to the state's economic vitality through the provision of workforce training and services that meet the needs of targeted business sectors and employers." Demand-driven is the opposite of supply-driven, where programs and services primarily focus on job seekers. A demand-driven system establishes employers – the "demand" side - as the primary customers of the workforce system. The employer creates a "pull" based on the demand they have and provides information including identifying what jobs exist, job vacancies, positions hard to fill, relevant training programs, job candidate screening factors and so on. Therefore, to gather direct information, employers must be "convened" by service providers for the purpose of providing labor market information. Service providers then respond to the gathered demand factors with a labor supply aligned with demand. [vi]

What is cluster readiness? It is important to note that many MWAs are currently implementing a demand-driven workforce development strategy and have already organized efforts around local cluster strategies. In these instances, the MWAs local priority clusters will move more efficiently through a three-phased approach of Cluster Commitment, Partnership Mobilization, and Recruitment and Training Implementation. A cluster's readiness to move through these phases will be determined by using the Cluster Readiness and Progress Indices which will measure eight dimensions of cluster readiness including: governance and decision making structure, employer engagement, alignment with existing talent and economic development organizations (EDOs), use of data, communication, planning, customer activities, and resource adequacy. MICA fully supports efforts already existing and works to assist with implementing a demand-driven workforce development system on a statewide basis.

MICA aims to overcome limitations of existing labor market information and common data collection tools, which can often prove to be inadequate, misleading, or provide outdated information. This is accomplished by transitioning to a demand-driven system that directly engages employers in the process of determining high-demand occupations and related training programs that will result in industry recognized credentials.

It is important to note that many local groups formed around industry clusters already exist. Many of these groups are convened by, funded by, or partner with MWAs. Therefore, it is crucial that MWAs continue to build on these situations as much as possible and thereby avoid the time and expense of duplicating efforts. In some instances, boundaries covered by the MWA and such industry groups may not correspond perfectly. However, regional cooperation is encouraged since economies of scale may be achieved by avoiding the establishment of duplicate groups. Working through the Collaborative Development Council, which represents the state's ten economic development regions, is another way to foster regional cooperation on workforce development.

What is a high-demand occupation? "High-demand occupations" is terminology used to represent where job opportunities exist in significant numbers; this is especially relevant for

sectors experiencing talent shortfalls. This term also encompasses new and emerging occupations. This is especially true in context of the high-demand occupations lists used by MWAs to determine what training programs to support for enrollment of WIA and other eligible clients. MWAs may also use these lists to inform job seekers about jobs in the local labor market. Other terms like "in-demand" and "jobs in demand" are often used synonymously with the term "high-demand."

It should be noted that "high demand" might include low-wage occupations that are within a dominant sector of a geographical region that have significant training needs. In addition, a MWA may decide not to prioritize those positions due to limited resources, even though they represent larger numbers of jobs than other occupations. On the other hand, a Workforce Development Board (WDB) may choose to include them for other reasons or identify other high-priority occupations on which to focus efforts.

The specific objectives of MICA include:

- Employers identify industry demand and vacancies.

- Employers provide direct input into the design of educational program offerings that directly respond to the industry identified demand and curriculum addresses occupational skill requirements.

- WDA and MWA services and programs align with industry's need for workers and skills.

- The Career Education Consumer Report (CECR) includes programs representing high-demand occupations based on input from employers.

The overarching objective is to adapt the workforce system to produce more trainees with skills and competencies that align better with industry, and hence increase the likelihood of long-term employment upon completion of training. Sufficient public funding does not exist to meet all of the training needs in Michigan. When employer needs are met utilizing an industry cluster approach, employer champions are likely to step forward and not only become advocates for collaborative efforts in the future, but will likely be more willing to sponsor training with their own financial resources. Successful MICA adoption occurs upon the completion of three phases: 1) Commitment to Cluster Approach; 2) Partnership Mobilization; 3) Recruitment and Training Implementation.

A demand-driven workforce development system results as MICA objectives are achieved. Industry demand also drives and aligns with all WDA programs to maximize limited resources and ensure effective and consistent delivery of service at the state and local level.

Workforce and economic development needs to align their efforts to best meet the needs of Michigan's employers. MICA is consistent with the MEDC's organization around industry clusters. The State of Michigan is organized around ten economic development regions in

an effort to prioritize limited state-level staff and funding resources. Moreover, local economic development "champions" designated for each of the regions assist the MEDC with targeted programs and resources to the industries which are most relevant to local regional economies. They are a valuable resource in the development of an industry cluster. Finally, as a condition for economic incentive programs, the MEDC requires regions to demonstrate how the project relates to one of the MEDC's priority industries and how the state-level support will impact the local economy.

MEDC's talent enhancement programs and initiatives also contribute to the development of MICA. These innovative programs focus on the acquisition, retention, and development of talent and aren't as constrained by geographic, eligibility, regulatory, and funding limitations inherit in the current workforce system and could prove to be a valuable asset for the state priority and related local industry clusters.
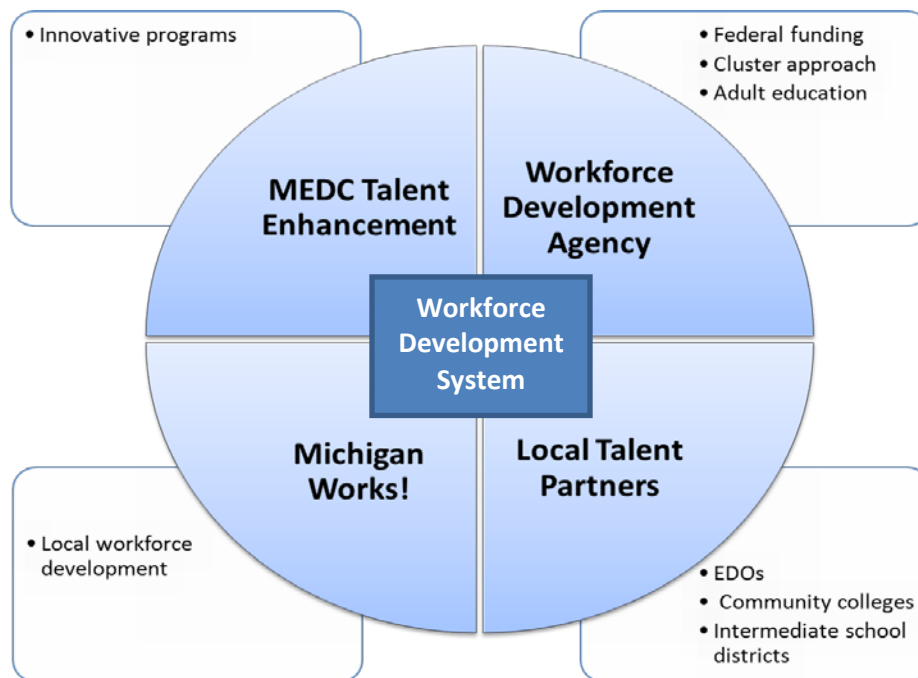
III. Three Phases of Michigan's Industry Cluster Approach

A cluster's movement through the following phases will vary based on its cluster readiness. The speed at which a cluster moves through each phase is dependent on local understanding of the industry, interpretation of the workforce issues, engagement of industry partners, and commitment to the cluster approach.

Phase 1 – Commitment to Cluster Approach

The key activities for MWAs during Phase 1 include gathering data on locally relevant clusters, selecting local priority clusters; identifying cluster employers, partners, other resources; engaging employer champions; obtaining cluster engagement from employers,

partners, and other resources; and notifying WDA of cluster engagement and local cluster selections. Each of these activities requires direct involvement and interaction with employers in order to successfully implement Phase 1 of MICA and continue with Phase 2 and 3 activities.

Upon request, WDA will provide each MWA region with data on the state priority clusters and other industries comprising the local economy, which combined with local data sources, helps identify local priority clusters (which may or may not include one or more of the state priority clusters.) MWA regions are encouraged to select clusters that align with the WDA priority clusters of agriculture, energy, healthcare, IT, and manufacturing in order to promote synergy and collaboration among like clusters. MWA regions must demonstrate industry need for any clusters selected and notify WDA. Commitment to cluster approach notification must include at a minimum: basic cluster information including current statistics and projections, employment information, needs, local economic relevancy, and labor market data. WDA will provide Cluster Readiness and Progress tools to local regions as a means to evaluate an MWA's capacity and preparedness to develop a demand-driven system. Regions will self-assess cluster implementation readiness during Phase 1 and provide completed self-assessments to WDA for review and evaluation. During subsequent phases, regions will proceed with measuring cluster implementation progress. Based on cluster readiness, MWAs may quickly move through Phase 2 partnership mobilization on to Phase 3 recruitment and training implementation activities. On the other hand, MWAs may require a longer timeframe to plan and the progress to subsequent phases.

Phase 2 – Partnership Mobilization

During Phase 2, all partners become more active and stakeholder participation is vital for the successful implementation of MICA. MWAs continue to gather cluster specific data and begin conducting intensive skill supply and demand research. MWAs will verify skill gaps, training needs, and hiring demand by convening employers, industry associations, and economic development organizations. The sequencing of convening is best determined locally. However, when recruiting employers, MWAs must provide compelling data on the benefit employers receive when participating in cluster strategies. MWAs, along with all partners, will determine if training is available to meet employer requirements or if changes are needed to existing curriculum. Local cluster groups will complete recruitment and training planning and submit a completed template to WDA for possible technical assistance and funding opportunities. In addition, local areas will develop communications plans for conducting outreach and recruitment to support training within those plans and share successful outcomes resulting from training.

The key activities in Phase 2 include developing and refining local high-demand occupation lists and convening employers in order to identify workforce needs. Both of these activities rely heavily on cluster employer champions to recruit others in the region willing to share hiring projections and training needs, and commit to hire trainees.

Possibly, during this phase, employers identify needs that may be addressed by other means than occupational training. Examples may include work-related academic assessments and training to upgrade work-related academic skills; work-related assessment tools; work readiness and basic skills training; assistance with recruitment and screening; K-12 initiatives; etc. All of these are appropriate cluster activities.

Convening of employers
As industry clusters are established at the local level, MWAs will convene employers to serve as the primary source of industry and occupational data. With employers in the lead, better outcomes are the result for industry as well as job seekers. The dialogue between employers and the workforce system needs to extend beyond simply "where are the jobs," to probe deeper into the underlying recruitment and training issues related to broader skills mismatches and gaps. The activity of bringing employers to the table to identify workforce needs relies heavily on identifying and collaborating with employer champions to recruit other employers in the region willing to share hiring projections and training needs, and commit to hire participants completing pre-employment education and training.

MWAs may convene employers in many different ways, including formally convened partnerships; ad-hoc or intermittent focus groups; surveys; virtual forums such as teleconferences or video conferences; using a business services team approach; etc. However, experience has shown and best practices provide evidence that the stronger the relationship with and between employers, such as face-to-face interaction, the more meaningful the industry and occupational data and consequently, the better the outcomes for employers and job seekers.

High-Demand Occupation Lists and the CECR
When determining a region's high-demand occupations list, MWAs should employ a number of different strategies to engage employers including collecting detailed information through: industry focus groups, on-line surveys, or vetting draft high-demand occupations lists with employers. These lists identify and rank the occupations of most relevance. The intent is that data direct from employers play a more significant role in establishing and updating high-demand occupation lists.
MWAs must ensure that programs posted on the CECR reflect the work with employers to identify high-demand occupations. Regularly consulting local high-demand occupation lists and the CECR are ways frontline staff can make job seekers aware of programs that issue industry-recognized credentials. Consequently, MWAs should become proactive to ensure educational institutions post programs related to high-demand occupations in the local region, especially for occupations in demand identified directly by employers.

Recruitment and Training Planning

Phase 2 of MICA culminates with recruitment and training planning for each cluster selected in Phase 1. MWAs use industry and occupational data gained from convening employers to identify skill gaps within the cluster. Asset mapping conducted during this phase

determines whether training is available to address those skill gaps. Consulting cluster employer partners ensures that training meets industry and occupational requirements and standards. If training to address the employer-identified skill gaps is not readily available in the region, then MWAs work with cluster employers and regional education and training providers to develop training programs that will meet the specific knowledge, skill, and ability requirements of the cluster. If the regional training providers are unable to design and deliver the necessary training, then the MWA has the ability to conduct a state-wide search for a training provider to meet the demand.

Recruitment and training planning includes the following elements:

1. Identification of cluster skill gaps – this includes data that support industry demand (i.e. hiring forecasts and timelines, workforce plans, timelines for implementing new technology, data that supports a skill shortage in the labor pool, etc.)

2. Identification of training that industry demands – training that meets industry demand should result in industry-recognized credentials. This element also includes plans for developing or modifying curriculum to meet industry demand.

3. Implementation strategy – this element details how the industry cluster will address the skill gaps identified. It includes timelines for key milestones and benchmarks to measure success.

4. Outreach and recruitment communications strategy – includes planning for how the industry cluster will promote training and recruit participants for jobs and training within the cluster.

5. Recruitment and training resources – this element identifies the resources needed to fully implement the required recruitment and training for the cluster and any gaps that exist between current resources and need. Recruitment and training resources could include employer contributions, cost efficiencies for training, state funding, foundation and philanthropic resources, etc.

MWAs will identify the elements used for recruitment and training planning for each cluster selected via a template provided by WDA. The recruitment and planning checklist will be completed and/or updated annually. Planning elements identified in the checklist will ensure the strategies implemented are still relevant to each cluster's current workforce demands. WDA will provide details regarding specific requirements for completing the recruitment and training planning checklist in a future policy issuance.

Phase 3 – Recruitment and Training Implementation

The work in Phases 1 and 2 culminates in training job seekers and workers for the employers in specific clusters. Many steps are required for successful adoption of a cluster-

based demand-driven workforce development system. Among these steps and activities of Phase 3 are networking with partners and employers, scheduling and promoting training, recruiting and screening candidates (if required), enrolling trainees, monitoring trainee participation at the start of training for any issues or dropouts, and measuring the success of training which includes earning industry recognized credentials and obtaining long-term employment. The use of job information provided by employers (e.g. in-demand jobs, screening factors, etc.) to inform job seekers, including the use of high-demand occupation lists and the CECR, is an important component of the local effort. Since the recruitment and training plan may cover an extended period of time, ongoing communication with employers in the cluster is required as adjustments may be necessary if labor market conditions change. The most significant aspect of Phase 3 is constant employer involvement spanning all activities, especially trainee screening and placement.

IV. Funding

Training to increase the skills of workers is at the heart of MICA. Where significant workforce needs and skill gaps exist, maximizing training resources is extremely important. Collaboration among WDA, MWAs, education and training providers, and industry is the key to maximizing resources. Moving to a demand-driven system through industry clusters is the workforce strategy for the State of Michigan. It is not an add-on activity; it is the way of doing business. Therefore all resources must be used toward meeting employer demand, including but not limited to:

- Local-level formula funds
- State-level competitively procured and discretionary funds
- WIA Statewide Activities and Rapid Response funds
- Other funding including fee for service and grant sources.

Furthermore, MWA's local comprehensive plan must clearly describe how a demand-driven strategy will influence the delivery of services at the local level.

To the extent that funds are available, WDA will dedicate competitively procured and state discretionary funding for MWAs to provide cluster-based training. WDA will detail an application process for cluster-based training funds in a future policy issuance (PI).

Local-level Formula Funds
Recognizing the importance of demand-driven training through an industry cluster approach, MWAs must expend local-level formula funds to provide unemployed, under-employed, dislocated, and incumbent workers determined eligible for participation in the programs from which the funding originates, with allowable training in support of local high-demand and locally prioritized occupations and corresponding recruitment and training planning templates. For additional information regarding incumbent worker training see PI 12-02 Layoff Aversion Strategies and Policy Guidelines, issued June 20, 2012.

State-level Discretionary Funding
Eligibility for Discretionary Statewide Activities and Rapid Response funding will be contingent upon the MWA's adoption and implementation of MICA and compliance to all associated funding eligibility requirements.

A local MWA's implementation of MICA will be factored into the decision when awarding State-level Discretionary Funding, such as:

1. Incumbent Worker Training
2. State Adjustment Grants
3. Unsolicited Local Projects

V. Technical Assistance

Cluster Readiness and Progress Indices
WDA will use Cluster Readiness and Progress Indices to evaluate a region's capacity and preparedness to develop a demand-driven system within the context of MICA. The Cluster Readiness Index is a self-assessment tool that provides baseline measurements in a number of key areas crucial to the development of regional cluster strategies. The Cluster Progress Index measures growth over time in the same key areas to demonstrate an increase in the ability to operate a demand-driven cluster strategy effectively and efficiently.
The Cluster Readiness and Progress Indices measure a region's capacity and preparedness to develop and operate a regional cluster strategy relative to the following eight dimensions:

1. Governance and decision-making structure
   The governance and decision making structure of a cluster comprises the agency that will house it, the location within the agency, the staffing structure and staff experience, and the mechanisms that are established for flexible, but sound decision-making. An element of the governance and decision-making structure will be the project management mechanisms that are in place to track and report progress.

2. Employer engagement
   Employer engagement is a vital element for MICA to succeed. It will be gauged by measuring characteristics such as what is the demand (occupation, skill, etc.) versus the extent demand was met, the extent to which key decision makers in the employer organizations are knowledgeable and involved, and the nature of the employer involvement.

3. Alignment with existing talent and economic development organizations
   The local clusters are intended to supplement and make more effective the state's public workforce development system. The third dimension gauges the extent to which the goals and activities of the cluster align with other talent and economic development entities in the locality. Involvement of individuals from those entities must occur at a

minimum. Furthermore, the alignment of goals and activities of the cluster and these other entities is expected.

4. Use of data
   The fourth dimension assesses the extent to which data are used to identify skill shortages, to identify potential customers (both employers and jobseekers) and to monitor the performance of the collaboration as it moves from formation to implementation stages. To be most useful, data has to be current and presented in a succinct manner. The Cluster Readiness and Progress Indices will determine the extent to which MWAs use data to drive decisions.

5. Communication
   Communication will be a key factor in determining the success of each local cluster. Each entity will have multiple types of communication needs. Each will need to create awareness among the employer community and to recruit employer participation. Each cluster group will need to publicize activities and opportunities available for employers and workers. Each will need to communicate ongoing business items such as meeting times, agendas, and background materials for consideration by decision makers. Finally, each entity will disseminate plans and accomplishments to the public, state administrators, and all other stakeholders. The Cluster Readiness and Progress Indices will determine the extent to which the cluster's communications are clear, timely, and appropriately disseminated.

6. Planning
   The sixth dimension is planning. The outcomes of planning activities are goals and strategies. The processes used to arrive at those outcomes may vary along dimensions such as who is involved in the planning, the extent to which data drives the planning process, the length of time, and the degree to which outcomes are measurable. Presumably, the planning process will identify strategies used to meet goals, and assign responsibilities to individuals or agencies for spearheading the strategies.

7. Customer activities
   Skill upgrading through training will be the primary customer activity of each local cluster. Training will attract and prepare workers to enter firms within the targeted industries or upgrade the skills of incumbent workers. Depending on the local situation, the activities may also involve skill assessments, curriculum development, outreach and recruitment, training delivery, and placement depending on funding levels and partner support available. The Cluster Readiness and Progress assessments will document changes in how decisions are reached about these activities, as well as how carefully cluster strategies are planned and executed.

8. Resource adequacy
   Resource adequacy will be an important determinant of the effectiveness of the local clusters and the continued impact of the cluster. WIA formula funding and state or

federal grant funds may act as a key catalyst, but must be supplemented by in-kind and cash resources from other sources in order to be most effective. Sustainability will depend on finding adequate resources from partners or other funders.

MWAs complete a Cluster Readiness Index self-assessment for each locally identified priority cluster during Phase I of MICA. A Cluster Progress Index assessment will be completed annually as part of the performance benchmarking process. WDA will provide additional guidance for completion of the Cluster Readiness and Progress assessments in a future WDA policy issuance.

Web-Based Industry Cluster Portal

WDA is developing a comprehensive plan to communicate goals, outcomes, benchmarks and successes of MICA and local cluster development to all MWAs and partners. The primary communication vehicle for this plan is a web-based industry cluster portal. This portal will allow WDA, as well as local areas, to post information, outcomes and connect regularly.

This interactive web-based industry cluster portal features both a public portal to post data and garner support and buy-in for MICA and a private portal for sharing information, data, and questions across local areas and with WDA. Each MWA will have the ability to post relevant data and information regarding their local cluster activities and progress. Once the portal is fully developed and operational, WDA will provide additional guidance.

Other Technical Assistance Activities

WDA support and technical assistance available to clusters includes:

Labor Market Research: WDA can provide baseline data on the industries within a defined geographic area, including but not limited to location quotient, occupations, and to the extent possible the identification of companies. WDA is available to aid in the interpretation of the data.

Convening: Each MWA, upon request, will have access to a myriad of tools to support cluster convening. This includes but is not limited to examples of employer surveys, training provider surveys, discussion guides, templates, best practices and other valuable information for the development and ongoing activity of clusters.

Self-Assessment: WDA is available to aid in the use of the Cluster Readiness and Progress tools during the self-evaluation process. This assistance can range from the development of sector maps (a way of identifying key stakeholders in a cluster) and asset mapping (a way of determining all resources available to support a cluster.)

Facilitation: WDA is available to facilitate meetings (ranging from engaging employers to strategic planning) logic modeling, sector mapping, and asset mapping.

Communication Forums: WDA will provide forums for regions to share best practices and discuss concerns and issues. These forums can be face-to-face, web-based and industry specific. In addition to sharing best practices, needs identified by MWAs will determine the focus of each forum.

Additional Resources: WDA is available to help a cluster identify additional resources to support its activities, answer questions regarding common talent challenges, provide referrals to community colleges and other training programs, provide assistance with customized training opportunities, and provide information and connection to other WDA and MEDC programs and initiatives.

VI. Tools to Help Serve Industry

Many industry clusters use "learn-by-doing" training models to prepare and raise the skills of workers within those industries. Apprenticeships, for example, are used extensively in manufacturing and utilities to prepare skilled trades workers. The MWA system has many tools available to support this style of training including the three identified below:

- *On-the-Job Training (OJT)* – The use of OJT is encouraged to support industries using the learn-by-doing model for preparing workers to enter occupations within local industries. Moreover, classroom instruction may be combined with OJT to support apprenticeship and related training styles. In addition, WIA allows considerable flexibility in the application of OJT for employed workers, especially with respect to what is a "self-sufficient" wage and the "appropriate purposes" for the training. In other words, OJT is an option for the up-skilling of employed workers depending on local workforce development board policy. A section from WIA regulations outlines this flexibility. Sec. 663.705 describes the requirements for OJT contracts for employed workers. OJT contracts may be written for eligible employed workers when:

  (a) The employee is not earning a self-sufficient wage as determined by local workforce development board policy;

  (b) The requirements in Sec. 663.700 are met; and

  (c) OJT relates to the introduction of new technologies, introduction to new production or service procedures, upgrading to new jobs that require additional skills, workplace literacy, or other appropriate purposes identified by the local workforce development board.

- *Incumbent Worker Training (IWT)*
  Although only allowing IWT for "layoff aversion" purposes has reduced its utilization across the state, WDA has sought clarification of US Department of Labor rules and more flexibility than initially realized is available to the system. For example: There are

a variety of approaches and strategies for local areas to employ in regards to lay-off aversion, including early identification of at-risk industries or companies, assessing the needs of such industries or companies, and delivering services to address the identified risk factors. The term "at-risk" means the possibility or potential of downsizing or closing exists within an industry or company. Specific guidance regarding IWT is provided in PI 12-02 issued June 20, 2012.

- *Individual Training Accounts (ITAs)* – ITAs will become increasingly more important in a demand-driven workforce development system. With limited funding available to support the continued influx of participant training in degree or certificate programs, MWAs should adopt the practice of issuing ITAs based on high-demand, difficult to fill positions identified within local industry clusters. To realize the greatest return on investment for ITAs, MWAs should consider implementing a more comprehensive scholarship model where prospective applicants are recruited for shorter-term, targeted training programs designed to meet the needs of a specific employer or groups of employers.

  In the scholarship model employers are involved at every step of the process – from defining minimum criteria for prospective applicants, to selecting candidates and determining an appropriate training plan, to providing paid internships or part-time employment to scholarship recipients while completing training. Because of the high level of involvement and interaction, scholarships present employers with an excellent opportunity to develop the type of talent employers are seeking by equipping future workers with the exact skills and competencies needed for employment. Scholarship model ITAs are a tool employers can use for succession planning by providing opportunities for more seasoned staff to be involved in the training and mentoring of future employees.

  Scholarships allow the MWA to brand ITA opportunities in a way that will better resonate with the job seekers and employers served through the system. Job seekers can more easily relate to training that is tied to a specific employer and have more confidence that training will lead to employment within that particular industry. Employers are more likely to buy into the concept when able to view scholarship ITAs as part of a longer-term strategy to help prepare the future workforce.

Cluster Training Fund
WDA, in partnership with MEDC and MWAs, will seek to establish a Cluster Training Fund (CTF) that will be created from employer, philanthropic and governmental sources. The CTF will provide flexible training funds for businesses to train prospective and current employees. In addition, the CTF can provide funding for innovative training not allowable under federal funding sources and can bridge the current training and funding gaps. Detailed specifics regarding the CTF will be provided in a future policy issuance including the application process, employer match requirements, etc.

VII. MICA Success

The ultimate goal of MICA is to adapt the workforce system to produce more residents with skills and competencies that align better with Michigan's industries.   The Cluster Readiness and Progress Indices will measure the quality of the implementation of a cluster framework, WIA performance measures will provide data to assess the implementation of a cluster strategy and lead to higher performance and rapid employment. MICA's success will be evident when the following objectives are accomplished:

- Employers identify industry demand and vacancies.

- Educational program offerings directly respond to the industry identified demand and curriculum addresses occupational skill requirements.

- WDA and MWA services and programs align with industry's need for workers and skills.

- The CECR includes programs representing high-demand occupations based on input from employers.

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