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EXECUTIVE SUMMARY

One strategy economic developers and regional leaders have employed in the United States to spur economic growth, innovation, and competitiveness is industry cluster development. Cluster initiatives promote large-scale economic development for regions through a coordinated effort to support the growth of multiple businesses in interrelated industries, up and down supply chains. The large-scale economic impacts that cluster development initiatives promise, in turn, offer large-scale opportunities to take advantage of, or to miss out on. As income and wealth disparities remain stubbornly wide across race, gender, and geographies in the United States, economic development researchers, practitioners, and policymakers are paying increased attention to the need for more inclusive and equitable approaches to economic development, including via cluster development initiatives.¹,²,³

Though there are many well-known industry clusters (high-tech in San Francisco, entertainment in Los Angeles, automotive in Detroit), the question of how to inclusively grow an industry cluster has not been widely or systematically studied. This insight paper aims to begin to fill that gap, spark conversations, and provide some answers to the question, “how can we ensure the outcomes of cluster development initiatives benefit regions and people who have historically been excluded from economic opportunities?”

Inclusive clusters are much like industry clusters in that they boost economic production and efficiencies because of increased coordination, logistics, talent development and supply chain connectivity. However, their goals go one step further. Inclusive clusters ensure that individuals and communities that have historically been excluded from economic opportunities are able to make meaningful income and wealth gains through employment, firm ownership, capital access, and procurement.

Inclusive clusters have an explicit focus on equity, have identified the precise issues that lead to economic disparities in the cluster and have targeted strategies in place to shrink those disparities. Successful inclusive clusters demonstrate the following characteristics:

- Low barriers to access and participation for historically economically excluded communities and/or individuals.
- High diversity in the parts of the cluster where wealth is being created, especially firm ownership.
- Success measures on inclusive economic growth, rather than purely economic growth.
- Governance structures by a wide range of stakeholders, who consider and prioritize inclusive economic outcomes for the community.

This report features case studies from the following new and evolving industry clusters supported by the Economic Development Administration’s Build Back Better Regional Challenge:

- North Carolina Accelerate NC
- Rhode Island Blue Partnership
- West Texas Aerospace and Defense Manufacturing

This report also includes emerging lessons for developing inclusive clusters based on interviews with economic development practitioners, researchers studying inclusive economic development and cluster development, and members of U.S.-based coalitions striving to implement inclusive economic development cluster initiatives. These lessons include:

- **Starting with Committed Leadership Will Save You Pain Later**: Many interviewees described how important it was for the success of their industry cluster that their leaders were committed to inclusive processes and outcomes from the beginning, and that leaders understood the long-term nature of the work. Some described how their coalitions did not initially prioritize the creation of inclusive processes and found that retroactively addressing the issue after their boards were dominated by “the usual players” was difficult, and likely contributed to less inclusive outcomes.

- **Plan and Budget for Inclusion Efforts**: Inclusive cluster development requires many different organizations working together toward the growth of an industry cluster. Some organizations, particularly those that serve historically excluded groups, may have less funding, fewer staff, and less capacity to manage large grants and comply with federal funding requirements. These disparities between organizations can cause bottlenecks in program implementation. Planning sufficient budget for activities that bolster inclusion efforts is key.

- **Ecosystem and Trust Building are Critical and Take a Long Time**: All interviewees mentioned the long process of community trust building and how it is a prerequisite for inclusive cluster development. Coalitions who felt they were able to “hit the ground running” said it was because they had already been developing organizational and community relationships for years, if not decades.
INTRODUCTION AND BACKGROUND

Practitioners, policymakers, and researchers are paying increased attention to the need for more inclusive and equitable approaches to economic development. This increased focus can be traced back to recent social and political events in the United States including widespread recognition that income and wealth disparity has increased over the last 40 years;\(^4\) large-scale federal investments in regional economic development programs that have a special focus on equity;\(^6\) and the national racial reckoning sparked by the tragic killings of George Floyd, Breanna Taylor, Philando Castile, and other Black Americans by law enforcement officers.

Income and wealth disparities persist across race, gender, and geographies in the United States. The racial wealth gap remains stubbornly wide with the median White household holding 9.2 times more wealth than that of the median Black household and 5.1 times that of the median Hispanic household in 2021.\(^7\) Native American wealth data is not available from the U.S. government, so these households are often excluded from research on racial wealth gaps.\(^8\) However, a 2022 examination of assets and debt held by the Native community development finance institution (CDFI) Four Bands Community Fund compared to White household wealth from the Federal Reserve Board’s Survey of Consumer Finances found that the wealth gap between the Four Bands household sample and White households was 32 to 1.\(^9\) The gender pay gap has not substantially changed in the last 20 years with women earning 82% of what men earned in 2022.\(^10\) And in terms of geographic inequality, economic opportunities are becoming less even across the country. The gap between per-capita average income in high earning cities (e.g., metropolitan New York, which is in the 90\(^{th}\) percentile of income distribution) has increased at a faster pace than in areas at the bottom of the earning spectrum (e.g., Ashland, Ohio, which is in the 10\(^{th}\) percentile of income distribution). In 1980 the ratio between the 90\(^{th}\) and 10\(^{th}\) percentiles was 1.7. In 2021, it is 2.2.\(^11\)

While inequality has increased over the last four decades, the American economy has experienced high growth in certain sectors. For example, the high-tech industry is one of the fastest growing industries in the country. It provides high-wage jobs that pay nearly twice the annual salary of non-high-tech jobs.\(^12\)

\(^6\) Such as the Economic Development Administration’s Build Back Better Regional Challenge (BBBRC) and the National Science Foundation’s Regional Innovation Engines (NSF Engines) program.
\(^7\) Center, “2. Wealth Gaps across Racial and Ethnic Groups.”
\(^10\) Aragão, “Gender Pay Gap in U.S. Hasn’t Changed Much in Two Decades.”
\(^11\) Kolko, “Geographic Inequality on the Rise in the U.S.”
However, the benefits of that growth have been concentrated in select cities and occupations that tend to exclude women, people of color, and non-urban communities.\textsuperscript{13,14,15}

One strategy economic developers and regional leaders have employed in the United States to spur economic growth, innovation, and competitiveness is industry cluster development. Studied since the 1980s, cluster initiatives promote large-scale economic development for regions through a coordinated effort to support the growth of multiple businesses in interrelated industries, up and down supply chains.\textsuperscript{16,17} The large-scale economic impacts that cluster development initiatives promise also offer large-scale opportunities to take advantage of, or to miss out on (in the case of high-tech industry).

Though there are many well-known cluster development initiatives, the question of how to inclusively grow an industry cluster has not been widely or systematically studied. This insight paper aims to begin to fill that gap, spark conversations, and provide some answers to the question, "how can we ensure the outcomes of cluster development initiatives benefit regions and people who have historically been excluded from economic opportunities?"

This insight paper provides common definitions and understandings of the term "inclusive cluster development," shares case studies from past and ongoing inclusive cluster development efforts and provides key themes and strategies for implementing inclusive cluster development in regions across the United States.

**METHODOLOGY**

RTI and NGIN conducted a literature review and interviews to better understand current definitions and understandings of inclusive clusters, and strategies cluster initiatives are implementing to achieve inclusive processes and outcomes.

The literature review searched the terms "inclusive cluster development," "economic development," "cluster development," "inclusive," and "inclusive cluster-based development" in Web of Science, EconLit, EBSCO Discovery Science. During an initial scan, 33 articles were identified to be of potential relevance. During a second scan of the 33 articles, 14 were determined to be of relevance to the contents of this paper. Of those 14 papers, only 1 was about regional economies in the United States. The rest were from other countries or a collection of countries including China, India, Latin America, the Ukraine, and the European Union.


RTI and NGIN also reviewed grey literature on inclusive clusters including prominent reports such as “Chicagoland Food – Seizing the Opportunity to Grow Chicagoland’s Food Industry” and “Cluster-Based, Inclusive Regional Economic Development: Lessons from California’s Inland Empire.”

RTI and NGIN conducted 11 virtual interviews with economic development practitioners, researchers studying inclusive economic development and cluster development, and members of U.S.-based coalitions implementing economic development cluster initiatives as part of Economic Development Administration’s (EDA’s) Build Back Better Regional Challenge (BBBRC) across the United States. The interviews shed light on how practitioners and researchers define inclusive cluster development and the inclusive strategies employed by cluster initiatives across the country.

**INDUSTRY CLUSTERS & INCLUSIVE CLUSTERS DEFINED**

**Industry cluster development** is a key strategy typically used by local and state leaders to boost their economies by taking advantage of the increased output, productivity, and efficiency that comes from co-location of related industries and firms.

These industry clusters often build from local assets and industries in a region and can be industry verticals (e.g., automotive industry in Detroit, entertainment industry in Los Angeles) or broader such as the electronics cluster in Chicago (historically headquarters of multiple electronics producers).

Industry clusters boost economic production and efficiencies because of increased coordination, transportation and logistics, information sharing, talent development, procurement/supply chain connectivity, and relationship building. As such, understanding a regional cluster requires understanding regional industries, workforce, networks, and relationships. Industry clusters include the regional businesses within a focus industry, as well as all the regional businesses required to support and that are supported by the focus industry. For example, the Los Angeles entertainment industry cluster includes entertainment businesses, plus the myriad food and beverage, legal, fashion, equipment, and other businesses that support and are supported by the entertainment industry in the region.

Industry clusters have been prioritized in place-based economic development strategies as cities and regions have worked to position their assets as uniquely competitive in specific subsectors. While industry

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cluster strategies have been a significant part of regional economic development for decades, there has been increased emphasis and investment in this area spurred on by federal funding programs such as the EDA’s BBBRC and Regional Technology and Innovation Hubs and the National Science Foundation’s Regional Innovation Engines program.

**Inclusive clusters** are much like industry clusters in that they boost economic production and efficiencies because of increased coordination, lower barriers to transport, information sharing, talent development, procurement/supply chain connectivity. However, their goals go one step further by ensuring that historically excluded communities can lead, shape, and benefit from economic opportunities created within the industry cluster. In particular, inclusive clusters ensure that these individuals and communities are able to make meaningful income and wealth gains through employment, firm ownership, capital access, and procurement.

Inclusive clusters have an explicit focus on equity, have identified the precise issues that lead to economic disparities in the cluster, have targeted strategies in place to shrink those disparities, and measure progress toward **inclusive outcomes**. To reach these intended outcomes, inclusive clusters must have **inclusive processes**, meaning they include a broader range of decision-makers and governance strategies compared to traditional industry clusters.

Inclusive cluster development is a strategy for existing industry clusters, where economic, business, and civic leadership endeavors to transform that industry cluster into one that may be economically robust yet exclusive into an industry cluster that is inclusive. Inclusive clusters are also a strategy for new clusters, where equity is embedded from the outset of the cluster strategy and launch plans.

Table 1: Components of Inclusive Versus Traditional Industry Clusters

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<th>Inclusive Clusters</th>
<th>Traditional Industry Clusters</th>
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<td>• Ongoing governance by a wider range of stakeholders, who consider and prioritize inclusive economic outcomes for the community.</td>
<td>• Ongoing governance by narrow range of stakeholders.</td>
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<tr>
<td>• Success measured by range of inclusive economic outcomes.</td>
<td>• Success measured primarily by economic growth outcomes.</td>
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<td>• Low barriers to access and participation for historically economically excluded communities and/or individuals.</td>
<td>• High barriers to access for historically economically excluded communities and/or individuals.</td>
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<tr>
<td>• High diversity in wealth-creating parts of the cluster, especially firm ownership.</td>
<td>• Wealth creation and income within the cluster is concentrated and not inclusive.</td>
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<td>• As the cluster grows, opportunity expands and diversifies to a heterogenous group, including those not currently in the cluster.</td>
<td>• As the cluster grows, the growth concentrates opportunity with a homogenous group already connected to the cluster.</td>
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KEY DECISIONS FOR BUILDING AN INCLUSIVE CLUSTER

Marginalized and historically excluded communities face systemic barriers to economic opportunities. These systemic barriers compound and reinforce one another. For example, historically excluded communities may be physically located far away from high-wage job, educational, and training opportunities. The built environment and lack of transportation may also make it difficult for historically excluded communities to access high-paying jobs. At the same time, excluded communities can be disconnected from the networks in which decision-making conversations related to education, training, and economic development take place, resulting in further disconnection of divested communities with economic opportunity. Creating an inclusive cluster requires looking through a “lens of equity and inclusion” at every decision-making juncture to ensure barriers to inclusion are first identified and then addressed. Key decisions inclusive clusters likely face include:

Choice of governance structure: Organizations involved in leading the development of an inclusive cluster can intentionally create governance structures that facilitate transparent and inclusive decision-making. Inclusive structures will have a wider range of representatives from the community, industry, and governmental players compared to non-inclusive ones. Beyond whom is included, inclusive governance is also about processes. Leadership, committee, and decision-making structures can establish processes that distribute decision-making power among parties, recognizing that some groups, even if they are all on a board together, may have less power and influence than others. These steps can help to ensure often excluded groups are present during decision-making conversations, and that their views and perspectives are considered when making impactful decisions about the industry cluster strategy. These decisions can include which groups of people the cluster strategy targets, which industries and locations will receive investments, and how to measure success.

Choice of industry cluster: In some cases, regional community, industry, and government partners may come together with the goal of boosting regional economic development through an industry cluster strategy. In such a situation, choosing which cluster to prioritize for growth is one of the first key decisions leaders will make. Leaders evaluating different industry clusters may consider the likelihood a particular cluster will produce high wages and quality job opportunities for different marginalized groups or regions based on historic data. For example, regional leaders may choose to focus on a particular industry because of a combination of factors including regional industry growth trends, historic accessibility of jobs among...
marginalized workers and entrepreneurs, community interest in the industry’s job opportunities, existing industry partnerships and networks, and the career advancement opportunities the industry provides. All of these factors are part of a competitive analysis.

Choice of geographic location of firms and job opportunities: The geographic location of firms and opportunities is an important factor for inclusive cluster development. Where jobs are located and how physically accessible they are plays an outsized role in who benefits from them. While simply locating a firm in a historically underserved area does not guarantee residents in that area will be able to access those jobs, placing those jobs far away will make it much less likely they will benefit. Inclusive clusters will understand how past decisions have been made to determine where economic investments and firms were located, and work towards strategies that ensure economic investments, entrepreneurial support services, firms, and jobs are located in areas that are often overlooked.

Types of economic opportunities generated: Cluster initiatives have many choices to make when it comes to the types of economic opportunities they will strive to cultivate. Inclusive clusters will work to identify barriers to wealth generation and economic opportunities among historically marginalized and excluded groups and create strategies to address those barriers. For example, many marginalized and historically excluded communities face significant challenges accessing capital. Inclusive clusters aim to identify these types of challenges and address them through programs and initiatives such as those that raise capital for geographic areas that have been excluded from investment that increase capital access to entrepreneurs.

Types of jobs and wages generated: The types of opportunities generated for communities by industries, workforce development, and entrepreneurship support programs can vary greatly. For example, workforce development programs often work with employers to understand their needs at various levels including entry-, middle-, and high-wage positions. Inclusive clusters will strive to connect historically excluded populations to trainings and job opportunities across the industry workforce pipeline, particularly leadership, high-paying, and career-track positions. Leaders developing an inclusive cluster strategy can work towards creating jobs that provide

Tactic from the Field: The Tulsa Regional Advanced Mobility Corridor cluster is working to create the LaunchPad Research and Technology Center in Tulsa’s Greenwood neighborhood, the historic site of Black Wall Street. The cluster is working with community and entrepreneurship support organizations to specifically connect Black residents to the program.

Tactic from the Field: The St. Louis Tech Triangle cluster includes the biosciences, geospatial, and advanced manufacturing industries. The cluster is working to increase investment in historically excluded areas of St Louis and to increase capital access and technical assistance for Black and Brown entrepreneurs.

Tactic from the Field: The Accelerate North Carolina – Life Sciences Manufacturing cluster is working to prepare residents for 7,000 upcoming high-paying jobs in the life sciences industry. The cluster is working to expand training programs at 10 community colleges in the state, 5 at Historically Black Colleges and Universities, and 1 at a Historically American Indian University.
the quality-of-life residents want. For example, leaders can employ strategies to better understand community priorities when it comes to the types of industries and careers they’d like to see or avoid in their neighborhoods.

EMERGING LESSONS FOR INCLUSIVE CLUSTER DEVELOPMENT

Starting with Committed Leadership Will Save You Pain Later

Many interviewees described how important it was for the success of their industry cluster that their leaders were committed to inclusive processes and outcomes from the beginning, and that leaders understood the long-term nature of the work. Two interviewees described how having explicit conversations about how race shaped outcomes in their region early on was difficult for some partners and coalition members but paid off in the end. Other interviewees described how their coalitions did not initially prioritize the creation of inclusive processes and found that retroactively addressing the issue after their boards were dominated by “the usual players” was very difficult, and in the end, likely contributed to less inclusive outcomes. One interviewee also suggested partnering with organizations that already care about equity, so that “they don’t have to be convinced later on.”

Plan and Budget for Inclusion Efforts

Inclusive cluster development requires many different organizations working together toward the growth of an industry cluster. Some organizations, particularly those that serve historically excluded groups, may have less funding, fewer staff, and less capacity to manage large grants and comply with federal funding requirements. These disparities between organizations can cause bottlenecks in program implementation. Multiple interviewees described having this challenge and offered a few ways they are working to address it. One coalition explored ways to offer grants to less-resourced organizations within their coalition to supplement their funding and staffing. One interviewee at a comparatively well-resourced organization added staff to their team to better support their work with a less-resourced organization. Another interviewee described how their coalition formed a new partnership with a larger, state-supported organization to support a less-resourced organization with program implementation and staffing.

Interviewees suggested listing out and budgeting for the work required to create inclusive processes and foster equitable outcomes at the start of industry cluster development initiatives. One interviewee had a difficult experience justifying funding for activities that would increase inclusion later in the cluster development process. They stressed that inclusion “cannot work if it is an add-on.” Two interviewees described how relieved they were, in hindsight, that their coalitions had written budget items into their proposals for activities that bolstered their inclusion efforts.

Ecosystem and Trust Building are Critical and Take a Long Time

All interviewees mentioned the long process of community trust building and how it is a prerequisite for inclusive cluster development. Some interviewees mentioned how pursuing an inclusive cluster strategy may not be prudent without first building relationships. Coalitions who felt they were able to “hit the ground running” said it was because they had already been developing organizational and community
relationships for years, if not decades. For new coalitions without strong community relationships, interviewees offered a few tips, including:

1. Learn about how economic developers, industry, and other members of your coalition have interacted with communities in your region in the past. Answer the question: how are these groups currently perceived in the community and why?

2. Focus on building partnerships with organizations that already have strong community relationships and whose mission aligns with yours.

3. Understand what you can offer to your community and organizational partners, not just what you need from them. Relationship building is not about reaching out only when it is convenient for you.

4. Consider partnering with organizations outside your industry cluster that routinely work with and serve the group of people your industry cluster aims to include. For example, consulates and embassies, community-serving organizations, organizations that serve people of particular races or ethnicities, or school districts.

SELECT CASE STUDIES

The following case studies provide examples of how new and currently evolving industry clusters are working towards inclusive processes and outcomes.

North Carolina Accelerate NC—Hiring “Equity Navigators” to go from Crawling to Running

Accelerate NC, led by the North Carolina Biotechnology Center (NCBiotech Center), is a new coalition in North Carolina focused on strengthening the life sciences manufacturing cluster in the state by investing in an inclusive talent pipeline for historically excluded communities. The biomanufacturing industry is growing rapidly but North Carolina’s existing workforce programs cannot keep up with the industry’s demand for workers.

A key component of the coalition’s strategy is robust and multi-faceted community engagement. In May 2023, Accelerate NC coalition member, NCBiotech, officially launched the Life Sciences Manufacturing Ambassador Program. The Ambassador Program identifies, trains, and supports community leaders across the state to share life sciences manufacturing training and career opportunities with their communities. Core to this effort, community colleges, through the NC BioBetter project, hired “equity navigators”—employees with the express task of conducting outreach by traveling across the state, attending meetings, and recruiting students for training opportunities. Equity navigators work with students throughout their training and education to create a professional
resume, LinkedIn profile, and practice interviewing skills to enhance job placement. According to members of Accelerate NC, once they deployed ambassadors and equity navigators, the coalition went “from crawling to running.” Members stressed the importance of having staff dedicated to community engagement, and how adding these responsibilities to someone’s existing workload would not have been viable substitute.

Another component of Accelerate NC’s community-focused inclusive workforce development strategy is taking place in Pitt County, North Carolina (an EDA Persistent Poverty County). Branded as NCGrads2Work, this program identifies and provides training to students within the K-12 system interested in entering the pharmaceutical industry. To sign up for training, high school students apply to the program in the spring of their senior year. Accepted students attend two days of no cost training at the Pharmaceutical Services Network Training Center. Following training, students can sign up for job interviews with local partner pharmaceutical companies. In 2023, 29 students were provided pharmaceutical training. Sixteen students accepted full time employment offers. These jobs come with benefits including 401K, competitive salaries, and tuition reimbursement for those that wish to continue their education. Seven of the sixteen students hired in 2023 received multiple job offers. Available grant funding for the coalition covers training for up to 96 students. The coalition anticipates the remaining 67 students will receive training during the summers of 2024 and 2025. These programs primarily target first-generation college students.

Starting in January 2024, another initiative will work to achieve Accelerate NC’s goals for an inclusive talent pipeline. North Carolina Central University will lead a network of the state’s Historically Black Colleges and Universities and one Historically American Indian University to establish six training hubs as part of the Accelerate North Carolina-Life Sciences Manufacturing Training Program. Recruitment will focus on historically excluded, rural, and distressed groups of people. In January 2024, the training program will kick off its inaugural 2-week short course training program at the University of North Carolina Pembroke. Additional programs will roll out across the state during the summer of 2024.

The NC BioBetter project will also expand existing entry-level biotechnology training programs at 10 community colleges across the state and grow the number of faculty positions delivering life sciences training. Thus far, 1,119 students have been trained, and 12 faculty members have been added as instructors. The coalition has hired three developers to work with colleges to develop curriculum, e-learning, and virtual reality in a modularized format that creatively appeals to target areas and is culturally relevant.
To build relationships and trust, The NCBiotech Center partnered with community organizations across the state with establish relationships with a track record of good work. Starting in 2019 they partnered with Made in Durham, a 10-year-old community partnership made up of educators, business, government, nonprofits, youth, and young adults whose goal is to improve the education-to-career system to better serve the City of Durham’s youth. As part of the coalition, Made in Durham has a new initiative called BULLS that aims to connect Durham’s education-to-career system to the region’s high growth-high wage industry sectors, particularly in the Biopharma Manufacturing industry. The effort aims to scale best practices while addressing inequities, specifically for young adults of color. The BULLS Life Sciences Academy provides $10,000 life stipends for living expenses for participants of the 17-week BULLS Life Sciences Academy program.

Another key goal of Accelerate NC is strengthening apprenticeship opportunities in the life sciences industry. The North Carolina Life Sciences Apprenticeship Consortium of biopharma manufacturing companies, nine community colleges, and nonprofits created a NC Life Sciences Apprenticeship Program in January 2023. Strong partnerships through the Apprenticeship Program raise awareness of and access to BioWork certificate training and career opportunities. The effort specifically targets those from underserved populations and aims to strengthen existing and new workforce pipelines in NC.

Rhode Island Grow Blue Partnership—Building Community Relationships as a New Cluster Initiative

The Grow Blue Partnership (Grow Blue) is a new multiorganization industry group working to build Rhode Island’s blue economy (defense, marine trades, fisheries, offshore wind, etc.). Grow Blue is led by the University of Rhode Island Research Foundation (URIRF) to grow equitable prosperity for individuals across the state with an emphasis on providing economic opportunities for historically marginalized populations.

URIRF realized early on in their efforts that they did not have the necessary relationships or trust needed to connect the communities they were targeting with their workforce development and industry strategies. These groups included Black, Hispanic, immigrant, justice-involved communities, and women.

To forge relationships and build community trust, URIRF partnered with organizations already working with historically marginalized communities. These organizations included the Hispanic Chamber of Commerce, the Black Business Association, labor unions, the Girl Scouts, and Polaris MEP (a URIRF program that provides business support programming for Rhode Island’s manufacturing industry).

Through Grow Blue, URIRF established formal relationships with and provided small contracts of up to $3,500 to the Hispanic Chamber of Commerce and the Black Business Association to seek their guidance on how to reach out to the communities they served. They also contracted with the Center for Women and Enterprise to create five short videos entitled “Opportunities for Entrepreneurs in the Blue Economy”

Leaders from the Hispanic Chamber, Black Business Association, and Center for Women in Enterprise meeting together for Grow Blue.
that can be accessed as on-demand training modules by entrepreneurs seeking information on business opportunities and technical assistance. Grow Blue also will leverage a new workforce training program developed by Polaris MEP in partnership with JARC that provides free job training and job placement services to help people find employment in the manufacturing sector.

Through their work, Grow Blue has learned that relationship building, particularly with smaller community organizations, takes time and is an ongoing process. Understandably, some smaller organizations that URIRF initially reached out to for partnership did not have time to engage with them because of capacity and time constraints. To build trust and avoid burdening less-resourced organizations with requests, Grow Blue looked for mutually beneficial ways to engage like sharing particularly relevant opportunities and selectively looping in less-resourced organizations to especially relevant conversations and decision-making opportunities.

West Texas Aerospace and Defense Manufacturing—Investing Deeply in Diverse Training Experiences and Connecting Small Priority Manufacturers to New Opportunities

The West Texas Aerospace and Defense Manufacturing cluster, led by the University of Texas at El Paso (UTEP), is working to strengthen U.S. aerospace and defense manufacturing capabilities by integrating legacy manufacturers in West Texas into the aerospace and defense (A&D) supply chain.

This industry cluster group can be traced back to the early 2000s when UTEP opened the Aerospace Center and WM Keck Center for 3D Innovation. From the beginning, leaders of these centers were committed to “opening doors” to the A&D industries for UTEP students, 80% of whom are Hispanic (which is similar to the ethnic makeup of the City of El Paso) and 75% of whom come from families earning less than $34,000 per year. According to one coalition member, this deeply embedded commitment to inclusion and equity has influenced all subsequent work from the coalition.

Members of the cluster noted that supporting students from underrepresented or marginalized backgrounds requires different strategies than working with students from nonmarginalized backgrounds. Through an iterative process, UTEP has built out their research infrastructure to hire more students into more types of positions, providing a diverse menu of hands-on training experiences, including for freshmen and sophomores. Their labs hire 200 students at a time. To achieve these goals and offer the wide range of experiences they do for their students, UTEP invests relatively more funds into training and space than many of their peer programs. Although the program has been a success by many measures (more than 200 UTEP students are now working in these centers), program administrators quickly noticed that many graduating students leave El...
Paso upon graduation to find quality jobs in the industry. As such, the cluster’s efforts grew to focus on ways to connect existing small and medium manufacturers in El Paso to the A&D industries to boost the industry’s presence and job opportunities in the region.

To identify local manufacturers to work with, the West Texas Aerospace and Defense Manufacturing cluster worked with partner organizations to create a list of small- and medium-scale Latino-, women-, and veteran-owned manufacturing businesses that provide services to various industries including electronics, health, and biomedical. UTEP cold-called many of these manufacturers, some of whom had never been engaged by the city and traditional economic development organizations. The cluster also hosts “power lunches” put on by the El Paso Chamber of Commerce. These lunches provide an opportunity for manufacturers to meet one another and for the coalition to refer manufacturers to defense and aerospace contacts, bolstering their client lists and opportunities for growth. The coalition is currently working with 65 regional manufacturers and aims to eventually bring 200 regional manufacturers into the A&D sectors.

Alaska Sustainable Southeast Partnership—Creating Positions to Facilitate Community and Industry Co-Governance

The Sustainable Southeast Partnership (SSP) of Alaska is a coalition of Tribes, economic and community development groups, CDFIs, youth and workforce development initiatives, entrepreneurs, native corporations, local businesses, energy systems, and land management groups. SSP’s goal is to create sustainable economic development opportunities for rural and Tribal communities in southeast Alaska through work in tourism, forest products, fisheries, and mariculture.

All aspects of SSP’s work centers on creating equitable outcomes and opportunities for regional Indigenous communities by addressing systemic forms of inequality, racism, and exclusion through economic development activities. As such, the coalition did not go through a process of either incorporating equity into existing plans or bringing previously excluded groups to the table because they have centered their work on equity from the outset.

Like many marginalized and historically excluded communities, the region SSP serves faces major capital and investment challenges that prevents it from being competitive for many economic development investments. For example, many rural and Tribal communities may not have the level of private-sector activity that federal programs target for growth, making them less competitive for many federally funded economic development opportunities. Tribal communities face other barriers such as exponentially higher energy costs that make it unattractive for the private sector to establish businesses.

For example, some Tribal communities in southeastern Alaska pay 80 cents per kilowatt hour for electricity.
(10 times higher than in the capital Juneau). Businesses that may otherwise choose to locate in these areas can find cheaper options.

Another challenge SSP encounters is how to communicate the range of work they are doing given the often-large cultural differences in how Tribal communities and dominant cultures (in which many funders operate) understand wellbeing. Some of the metrics requested by funders may be at odds with the way some Tribal economies, Tribal community roles, and hiring structures operate. For example, coalition members from SSP described how Tribal community members may work by providing food and childcare to the community but do not have an income, report to the Internal Revenue Service, or participate in the workforce in the way funding agencies are used to.

One main tactic SSP employs to address some of these barriers is to increase community access to state and federal funding by acting as a bridge between the two. Some communities in southeastern Alaska do not have the capacity to apply for large federal grants such as the BBBRC. To address this gap, SSP provides grant-writing services to communities in which they have built relationships, trust, and an understanding of their needs.

Another tactic SSP employs to ensure community goals are kept at the forefront of its work is to co-lead its programming with communities. Fifteen years ago, SSP members started “knocking on doors” of Tribal villages and regional and village corporations. Now, SSP hires “regional catalysts” and “community catalysts” who are paid by a combination of grants and environmental nonprofits, regional governments, and state governments to conduct community outreach, to ensure a direct connection between community needs and desires and SSP’s work. SSP recently created an interest-bearing account to alleviate the pressure to continue to apply for grants to fund core staff members. Currently the account can support 15 positions in perpetuity.

Fresno-Merced Future of Food—Having Race-Explicit Conversations to Align on Common Goals

The Fresno-Merced Future of Food (F3) Innovation coalition, facilitated by the Central Valley Community Foundation (CVCF), aims to accelerate the integration of technology and skills in the region’s agriculture industry to increase productivity and improve job quality for existing farmworkers while creating a more resilient and sustainable food system.
The F3 coalition is an agriculture industry cluster initiative born out of an existing ecosystem of regional partners who have been working together on various community and economic development projects for the last 15 years. These partners include universities, private sector, community organizations, community colleges and, more recently, F3 encompasses the full breadth of the food system in the region, including small and socially disadvantaged farmers and food entrepreneurs from around the world with a heavy concentration from Latin America and Southeast Asia.

The communities in the F3 region include some of the lowest income, most environmentally degraded zip codes in the United States with multiple underserved or historically marginalized communities. As such, the F3 partners have all made commitments to center race equity in their programs and to actively promote community conversations on racial equity. For instance, in Fall 2023 the CVCF hosted a book club on the impacts of racism. The book club was open to the public and featured The Sum of Us by Heather McGhee. Approximately 2,000 community members participated in the local dialogue, which culminated in a Town Hall event with the author. To recruit participants to the book club, CVCF advertised on a local television station. The advertisement included a QR code to register, request a copy of the book (which was provided at no cost to participants by CVCF), and instructions on how to start their own book clubs.

For another aspect of their inclusive cluster strategy, F3’s workforce development partner, AgTEC, worked with regional colleges to develop curricula specifically for farm workers who wish to earn a 2-year certificate in several industries to broaden their economic opportunities beyond farming. To inform the curricula, AgTEC worked with local agencies to survey 15,000 farm workers to better understand their needs and challenges. The surveys helped AgTEC tailor their curricula to include training on certain types of technologies, and to examine how to address other barriers such as spotty internet connection. AgTEC will deliver the curricula in Spanish and is working with employers to provide the trainings during work hours.
Though some partners in the F3 coalition have worked together for years, the coalition continues to seek partnerships with organizations that have good community relationships and have built trust. For example, the F3 coalition has found partnering with the Mexican and Salvadorean consulates helpful in building trust with community members and farm workers. F3 also partners with chambers of commerce and public health organizations that are effective at reaching non-English speaking food entrepreneurs who may benefit from F3’s programs. These organizations already have strong relationships and help build the bridges needed for community impact.

These case studies highlight some of the many different strategies regional coalitions are employing to ensure that individuals and communities that have historically been excluded from economic opportunities are able to make meaningful income and wealth gains. These strategies have an explicit focus on equity and target precise issues leading to regional economic disparities. The tactics target the many different processes involved in inclusive industry cluster development including workforce development, governance, coalition education and priority formation, community engagement, impact measurement, and more.

**CONCLUSION**

Inclusive clusters ensure that individuals and communities that have historically been excluded from economic opportunities are able to make meaningful income and wealth gains through employment, firm ownership, capital access, and procurement. To reach these outcomes, such clusters must have inclusive processes that involve a broader range of decision-makers and more inclusive governance strategies compared to traditional industry clusters.

Marginalized and historically excluded communities face systemic barriers to economic opportunities that can compound and reinforce one another. These systemic barriers may interact with geography, the built environment, transportation, and historical factors. Creating an inclusive cluster requires looking through a “lens of equity and inclusion” at every decision-making juncture to ensure barriers are first identified and then knocked down. Key decisions inclusive clusters will need to make include choices about governance structures, industries of focus, geographic location and types of firms and opportunities, and types of jobs and wages to be created.

Regions working toward inclusive clusters should identify leaders and partners who are committed to inclusivity and equity from the get-go, be prepared to address capacity constraints of less-resourced partner organizations, and understand that inclusive cluster development is a long process that requires building trust among varied partners and community members.

*Cultiva La Salud, an F3 partner and part of the Local Farms and Food Innovation Initiative, demonstrates how their produce carts increases access to healthy food and promotes eating fruits and vegetables.*
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INTERVIEWS CONDUCTED / ACKNOWLEDGMENTS

1) Select Accelerate NC Team Members: Andrew George, Sara Imhof, Monica Lassiter, Rondra McMillan, Dominique Oliver, Mark Phillips, Laura Rowley, Hee-Sook Song, William Smith, Katie Stember, and Erica Vilsaint
2) Susie Byrd, Director, Economic Development and Workforce Excellence at University of Texas Aerospace Center
3) Bob Christiansen, Regional Catalyst, Sustainable Southeast Partnership
4) Dr. Mercedes Delgado, Associate Professor of Strategy and Innovation, Copenhagen Business School
5) Mackenzie Genecov, Grant Management Specialist, U.S. Economic Development Administration
6) Alex Jones, Acting Program Lead of Build Back Better Regional Challenge, U.S. Economic Development Administration
7) Cesar Lucio, Regional Economic Competitiveness Officer, Central Valley Community Foundation
8) Lacy McManus, Executive Director of Future Energy, Greater New Orleans, Inc.
9) Justin Raymundo, Director of Regional Workforce Strategy, BioSTL
10) Alison Schmitt, Director, Jobs for the Future
11) Robert Simpson, President and Chief Executive, CenterState Corporation for Economic Opportunity
12) Christine Smith, Director of Special Projects, University of Rhode Island
13) Robert Weissbourd, Owner, RW Ventures, LLC