



Washington's Competitiveness

Understanding how the state ranks

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Commerce Mission: Grow and improve jobs

Key metrics:

1. Overall job growth and for high, medium and low wage jobs;
2. Income per job, hourly; 3. Growth in income per job vs. other states

Global Priorities

Competitiveness

Education/
Workforce
Training

Efficient &
Effective
Regulation

Infrastructure
Investment

Specific Priorities

Community
Capacity

Rural Focus

Sector Focus

Small Business

Commerce Strategic Plan available at www.commerce.wa.gov

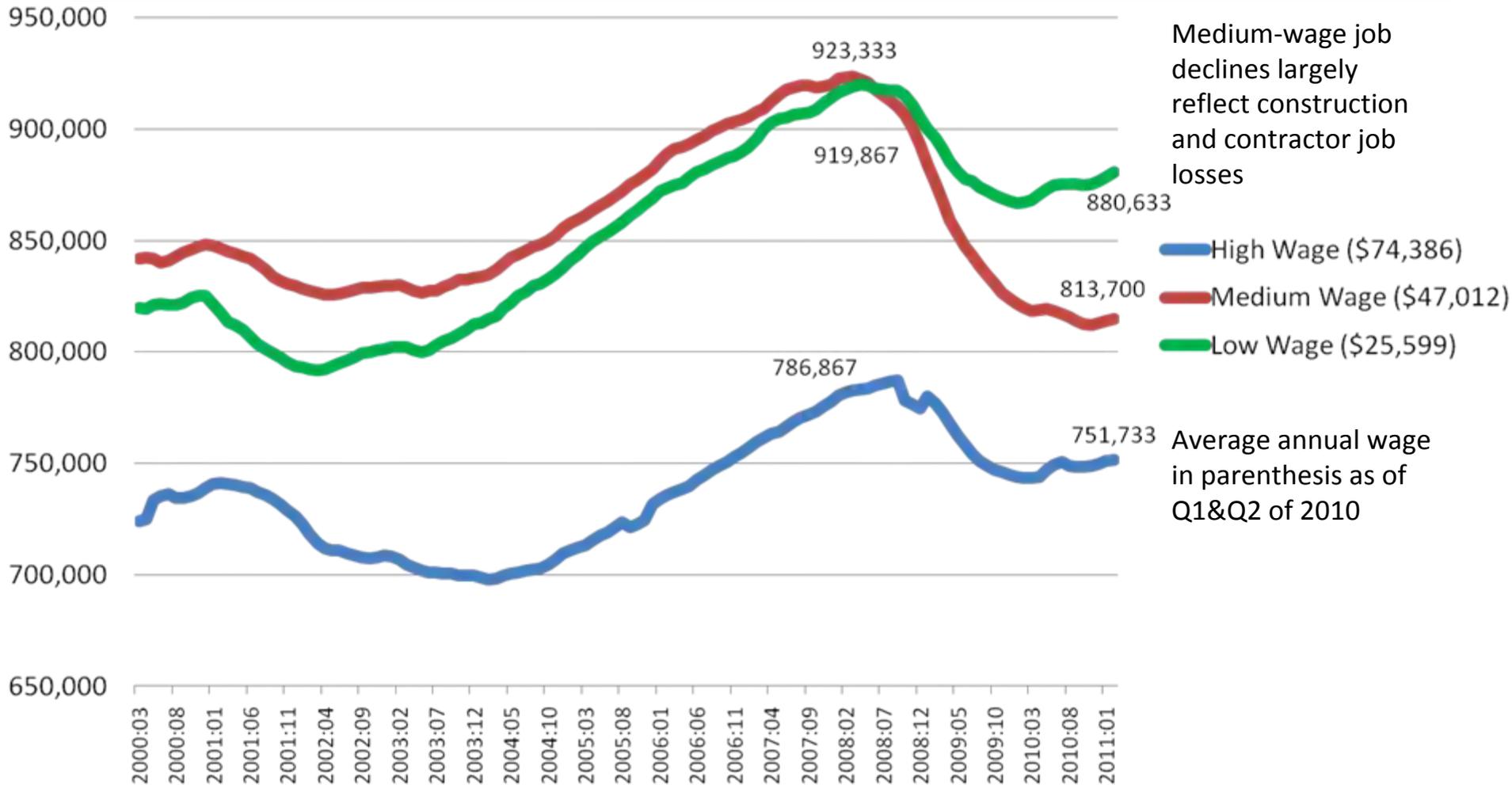
Year-over-Year Job Growth

Competitor states

	2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4
Positive Growth	TX 3.2%												
	WA 2.6%	TX 3.0%											TX 2.0%
	CO 2.3%	WA 2.2%	TX 2.4%										MA 1.3%
	ID 1.8%	CO 2.0%	WA 1.4%										VA 1.1%
	NC 1.7%	NC 1.3%	CO 1.3%									TX 1.3%	MD 1.1%
	OR 1.1%	MA 1.0%	MA 0.7%	TX 1.9%								MA 1.1%	WA 1.0%
	MA 1.0%	OR 0.6%	NC 0.4%	WA 0.9%								NC 0.8%	OR 0.7%
	VA 0.8%	ID 0.5%	VA 0.3%	CO 0.7%								MD 0.7%	CA 0.3%
	MD 0.5%	VA 0.5%	MD 0.1%	MA 0.3%								VA 0.7%	NC 0.2%
	CA 0.4%	MD 0.4%	OR 0.0%	VA 0.1%	TX 0.9%							TX 0.4%	ID 0.3%
Negative Growth		CA (0.2%)	ID (0.4%)	NC (0.5%)	MA (0.7%)	TX (1.1%)	TX (2.8%)	MD (3.4%)	MD (3.1%)	TX (2.0%)	NC (0.0%)	WA (0.0%)	CO (0.3%)
			CA (0.4%)	MD (0.5%)	CO (0.7%)	VA (2.5%)	MD (3.1%)	TX (3.7%)	TX (3.5%)	MD (2.1%)	MA (0.1%)	OR (0.3%)	
				OR (0.6%)	VA (0.7%)	MA (2.6%)	VA (3.4%)	VA (3.9%)	VA (3.6%)	VA (2.2%)	MD (0.1%)	CA (0.5%)	
				ID (0.8%)	WA (1.1%)	MD (2.7%)	MA (3.7%)	MA (4.1%)	MA (3.8%)	NC (2.3%)	VA (0.2%)	CO (1.1%)	
				CA (1.5%)	MD (1.2%)	CO (2.8%)	WA (4.5%)	CO (5.5%)	NC (4.5%)	MA (2.3%)	ID (0.5%)		
					NC (2.1%)	WA (3.1%)	CO (4.7%)	WA (5.5%)	WA (4.9%)	ID (2.9%)	WA (1.0%)		
					OR (2.9%)	NC (4.6%)	NC (5.7%)	NC (6.2%)	ID (5.0%)	WA (3.0%)	OR (1.1%)		
					CA (2.9%)	CA (4.8%)	CA (6.3%)	OR (6.9%)	CO (5.0%)	OR (3.2%)	CA (1.8%)		
					ID (3.1%)	ID (5.1%)	OR (6.6%)	CA (6.9%)	OR (5.6%)	CO (3.7%)	CO (2.0%)		
						OR (5.5%)	ID (6.7%)	ID (7.1%)	CA (6.0%)	CA (4.0%)			

High, Medium, and Low Wage Jobs

Three month moving average (3mma)



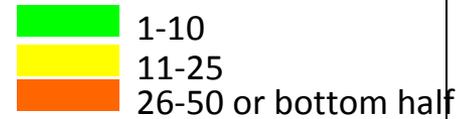
Why talk about WA competitiveness?

- Global competition for markets & jobs
- Understand & market our strengths
- Understand & address our weaknesses
- Focus state resources for greatest impact

Context for this update

- Process of learning & discerning
- Inviting a dialog
 - Better understand state economy
 - Identify best policies
- Statewide averages obscure variation by groups

Competitiveness Studies



Year	Index/Report	Overall Rank
2010	New Economy State Index	2
2010	Forbes	5
2010	Small Business & Entrepreneurship Council	5
2009	Corporation for Enterprise Development (CFED)	5
2010	Tax Foundation	9
2010	Beacon Hill	14
2010	CNBC	15
2010	WA State Economic Climate Study	10 to 18
2010	American Legislative Exchange Council/Laffer	24
2010	Moody's Cost of Doing Business Study	29
2010	CEO Magazine	30
2010	WEDC Innovation Benchmarks	4th out of 6
2011	Michael Porter/NGA on States & Clusters	1 to 45

Four in bold together compare over 90 measures

Rankings depend on

- What factors are measured
(some of important ones are not)
- How they are measured
- How they are weighted
- Small changes in absolute values
- Competitive set (U.S. states, metros, & global)

Washington Performance Snapshot

Position

Trend

Prosperity



Productivity



Labor Mobilization



Innovation



Cluster Strength



Leading Clusters

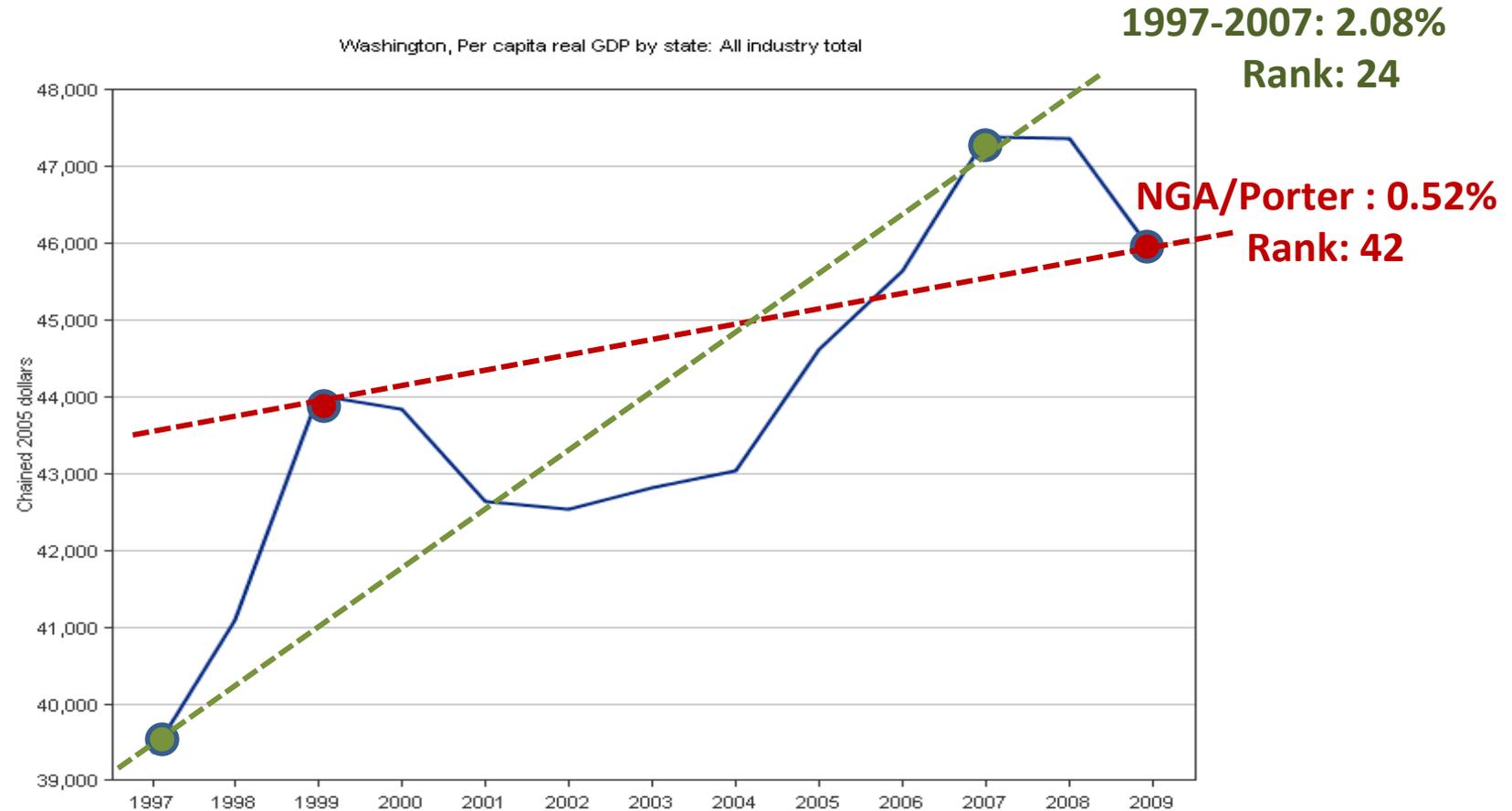
- Information Technology
- Distribution Services
- Aerospace Vehicles and Defense
- Entertainment
- Agricultural Products

Washington Competitiveness

Overall Economic Performance Indicators

Prosperity			Cluster		
Gross State Product per capita, 2009			Share of State Traded Employment in Strong Clusters, 2008		
• In Washington:	\$50,769	Rank: 12	• In Washington:	32.0%	Rank: 33
• In the US:	\$46,093		• In the US:	41.8%	
• State difference to US:	10.1%				
Growth in Gross State Product per capita, real annual rate, 1999-2009			Change in Share of National Employment in Strong Clusters, 1998-2008		
• In Washington:	0.52%	Rank: 41	• In Washington:	-0.26%	Rank: 38
• In the US:	0.86%		• In the US:	-0.06%	
Productivity			Share of Employment in Traded Clusters, 1998-2008		
Gross State Product per labor force participant, 2009			• In Washington:		
• In Washington:	\$96,361	Rank: 14	29.2%	Rank: 14	
• In the US:	\$92,382		• In the US:	27.4%	
• State difference to US:	4.3%		Change in Share of Employment in Traded Clusters, 1998-2008		
Growth in Gross State Product per labor force participant*, 1999-2009			• In Washington:		
• In Washington:	0.48%	Rank: 44	-1.2%	Rank: 18	
• In the US:	1.09%		• In the US:	-2.2%	
Average private wage, 2008			Labor Mobilization		
Private wage Growth, annual rate, 1998-2008			Population, 2009		
• In Washington:	2.85%	Rank: 45	• In Washington:	6,664,178	Rank: 13
• In the US:	3.32%		• % of US:	2.17%	
Innovation Output			Population growth, annual rate, 1999-2009		
Patents Per 10,000 Employees, 2009			• In Washington:		
• In Washington:	16.99	Rank: 2	1.32%	Rank: 12	
• In the US:	6.83		• In the US:	0.96%	
Growth in total patents, annual rate, 1998-2009			Labor Force Participation, 2009		
• In Washington:	8.40%	Rank: 1	• In Washington:	68.4	Rank: 18
• In the US:	0.23%		• In the US:	65.4	
Traded establishment formation, annual growth rate, 1998-2008			Employment, 2010 (December)		
• In Washington:	2.23%	Rank: 16	• In Washington:	3,211,961	Rank: 13
• In the US:	1.79%		• % of US:	2.31%	
			Employment growth, annual rate, 2000-2010 (December)		
			• In Washington:		
			1.06%		
			• In the US:		
			0.11%		
			Unemployment, 2010 (December)		
			• In Washington:		
			9.3%		
			• In the US:		
			9.4%		
			Change in Unemployment, 2000-2010 (December)		
			• In Washington:		
			4.1%		
			• In the US:		
			5.5%		

Washington, per capita GDP



Source: Bureau of Economic Analysis

Washington's Economy

Schematic Representation

Private

Inputs

Innovation &
Technology

Outputs

Capital

Workforce

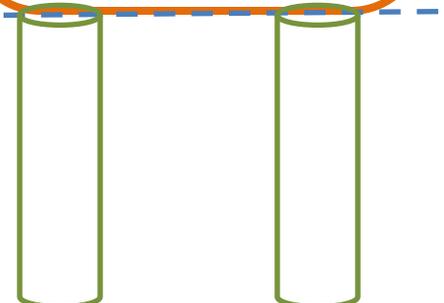
Other inputs
-Energy -Land

Infrastructure

Perceptions

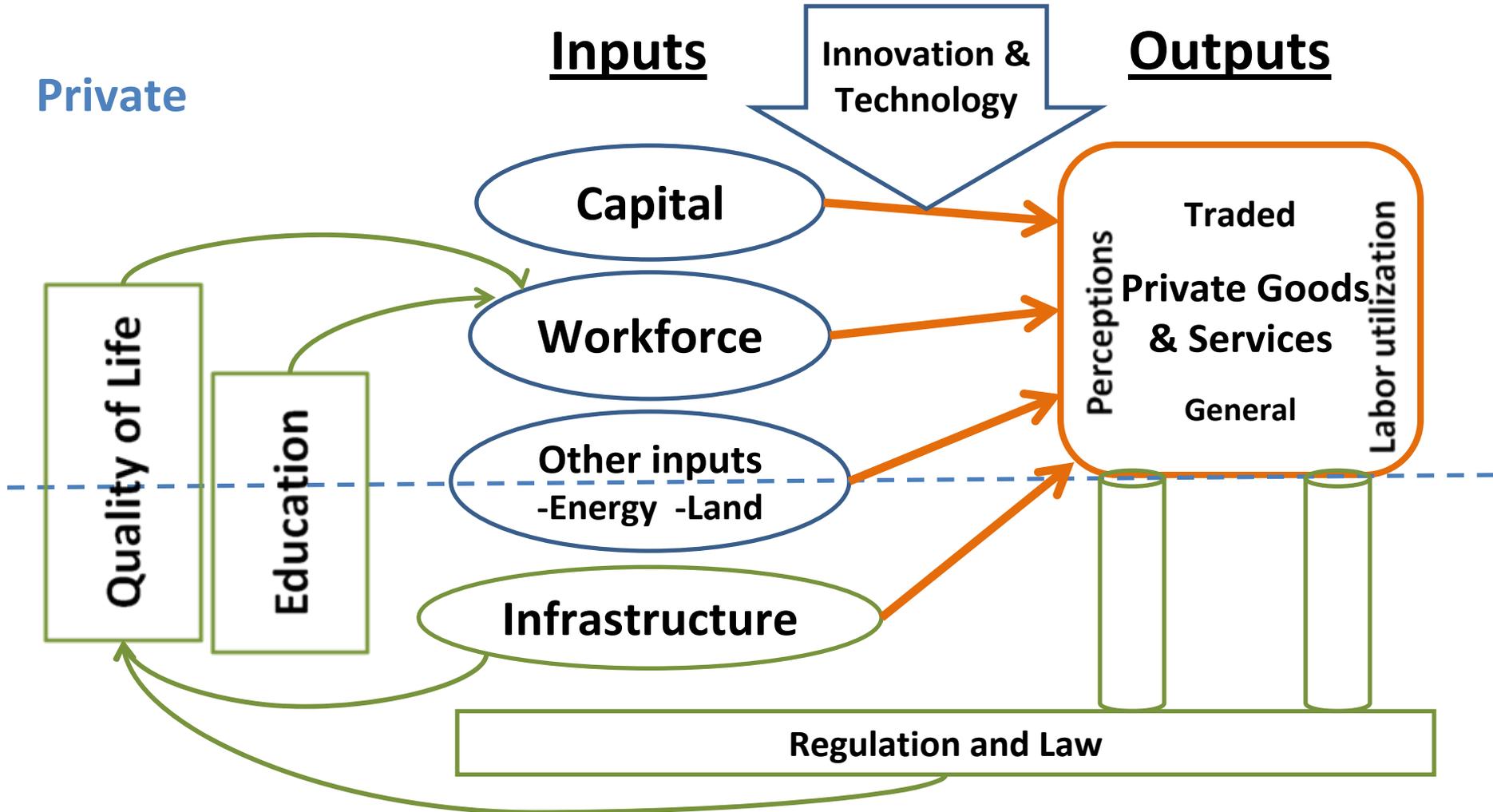
Traded
Private Goods
& Services
General

Labor utilization



Regulation and Law

Public



Washington State Economic Climate Study

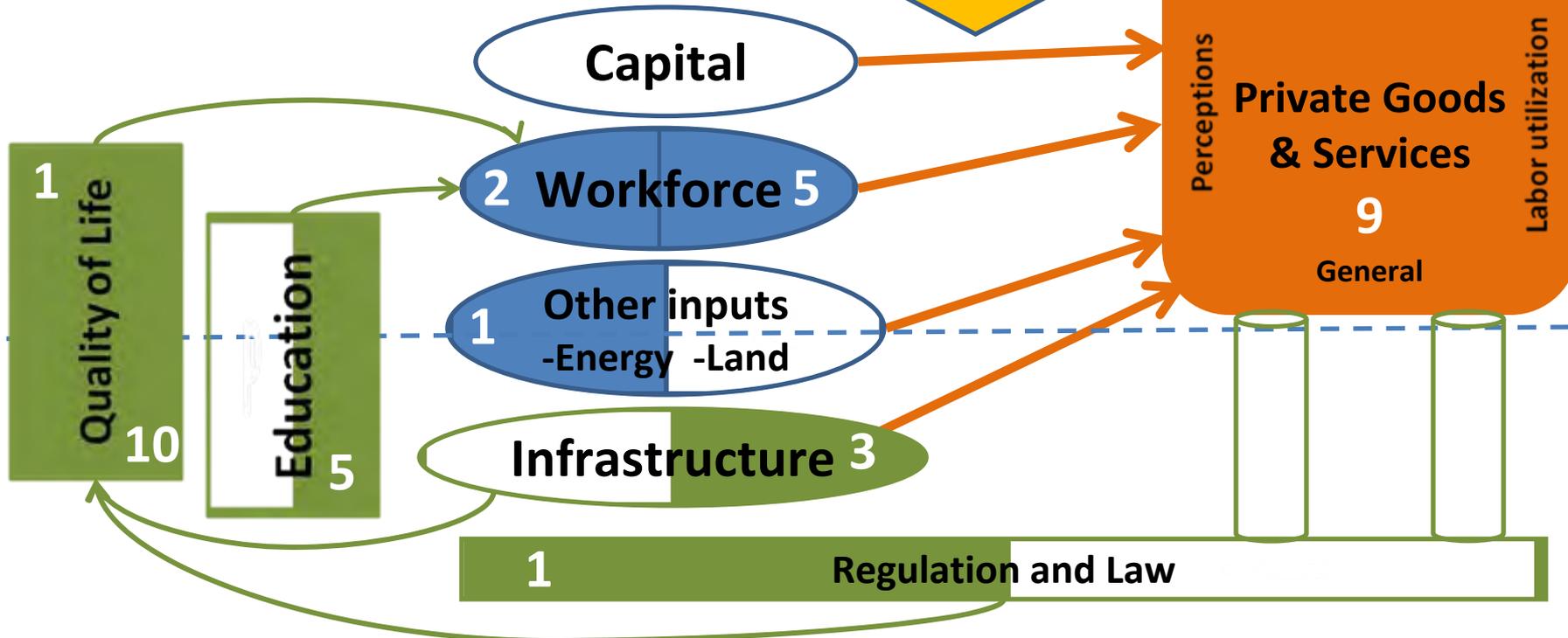
Inputs

Outputs

Lower cost + Higher quality

Innovation & technology
3

Private



Public

New Economy State Index

Inputs

Outputs

Lower cost + Higher quality

Innovation & technology
9

Private

Capital 3

Workforce 7

Other inputs 1
-Energy -Land

Infrastructure 1

Traded

Perceptions
Private Goods & Services
6
Labor utilization

General

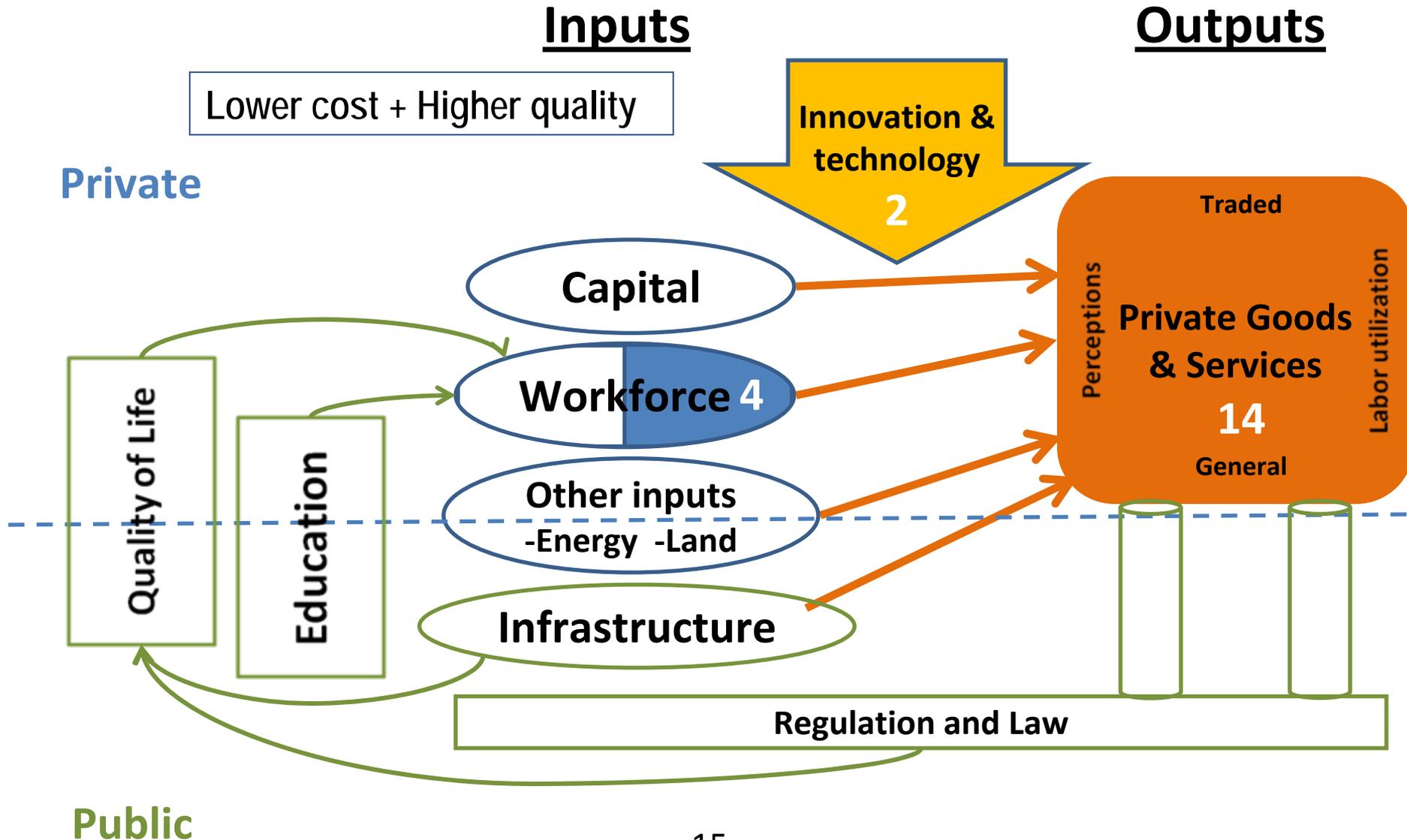
Quality of Life

Education

Regulation and Law

Public

Porter's State and Cluster Economic Performance



Forbes

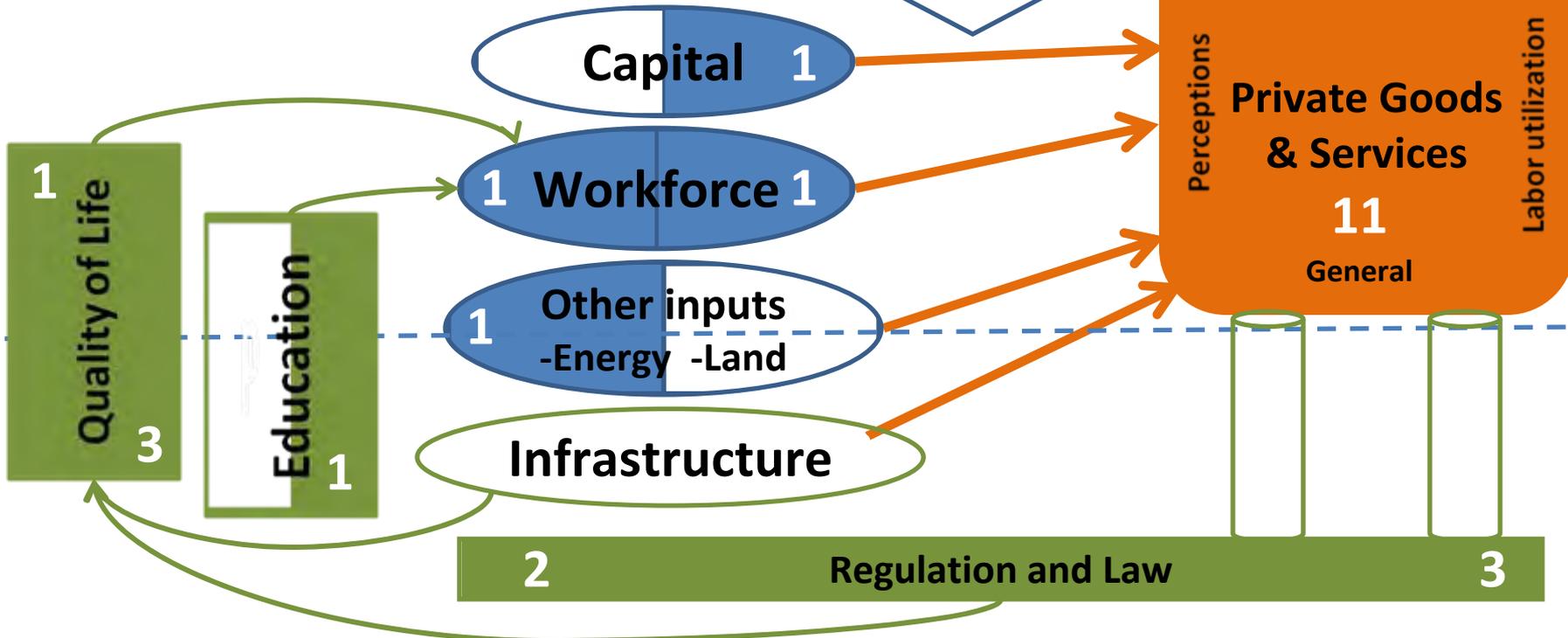
Inputs

Outputs

Lower cost + Higher quality

Innovation & technology

Private



Public

Washington Roundtable

Inputs

Outputs

Lower cost + Higher quality

Innovation & technology
1

Private

Capital

Workforce

1 Other inputs
-Energy -Land

3 Infrastructure

3 Regulation and Law

Traded

Perceptions
Private Goods & Services
1
General

Labor utilization

Quality of Life

4 Education

Public

Washington's competitive strengths

- Private economy
 - Employment growth, 1999-2009 (**4th**, Porter)
 - Per capita personal income (**9th**, Climate Study)
 - Median household income (**10th**, Climate Study)
 - Foreign exports (**2nd**, Climate Study)
 - Manufacturing value-added (**1st**, New Economy)
- Innovation and technology
 - Patents/10,000 employees (**2nd**, Porter)
 - Growth in patents (**1st**, Porter)

Washington's competitive strengths (cont.)

- Capital
 - Venture capital (**3rd**, New Economy)
- Other inputs
 - Electricity costs (**1st**, Climate Study)
- Workforce
 - Scientists and engineers (**2nd**, New Economy)
 - High tech jobs (**9th**, New Economy)
 - Educational attainment, Bachelors+ (**11th**, Climate Study)
- *Education*
 - *UW & WSU (41 & 111 out of 191 ranked, US News)*

Washington's competitive strengths (cont.)

- Infrastructure
 - Broadband (**15th**, New Economy)
- Regulation and law
 - Regulatory environment/state management (**5th**, Forbes)
 - State and local taxes per \$1000 personal income (**21st** lowest, Climate Study)
- Quality of life
 - State Parks and Recreation (**5th**, Climate Study)
 - State Health Index (**11th**, Climate Study)

Improving our competitiveness

- Private economy
 - Traded employment in strong clusters (**33rd**, Porter) [??]
 - Unemployment rate, December 2010 (**31st**, Porter)
- Innovation and technology
 - E-government (**27th**, New Economy)
 - *Commercialization of IP & patents*

Improving our competitiveness (cont.)

- Capital

- Foreign direct investment (**31st**, New Economy)
- *Small business credit access*
- *“Valley of death” funding for tech start-ups*

- Workforce

- Unemployment insurance (**43rd**, Climate Study)
- Worker’s compensation premiums (**25th**, Climate Study)
- *Retiring aerospace workers/Staying globally competitive*

Improving our competitiveness (cont.)

- Infrastructure
 - Interstate miles in poor condition (**33rd**, Climate Study)
 - Urban Roadway Travel Time, Seattle-Everett-Tacoma (**68th** of 90, Climate Study)
 - *Extending broadband to underserved areas*
 - *Local infrastructure financing tools*
- Regulation and law
 - *Regulatory streamlining for small business*

Improving our competitiveness (cont.)

- Education

- Fourth grade reading (**27th**, Climate Study)
- *High school graduation rates (**33rd**, Manhattan Institute)*
- *Engineering & science degrees, 18-24 yr olds (**37th**, WA Tech Alliance)*

- Quality of life

- Housing affordability, Seattle area (**204th** out of 225, Climate Study)

Summary

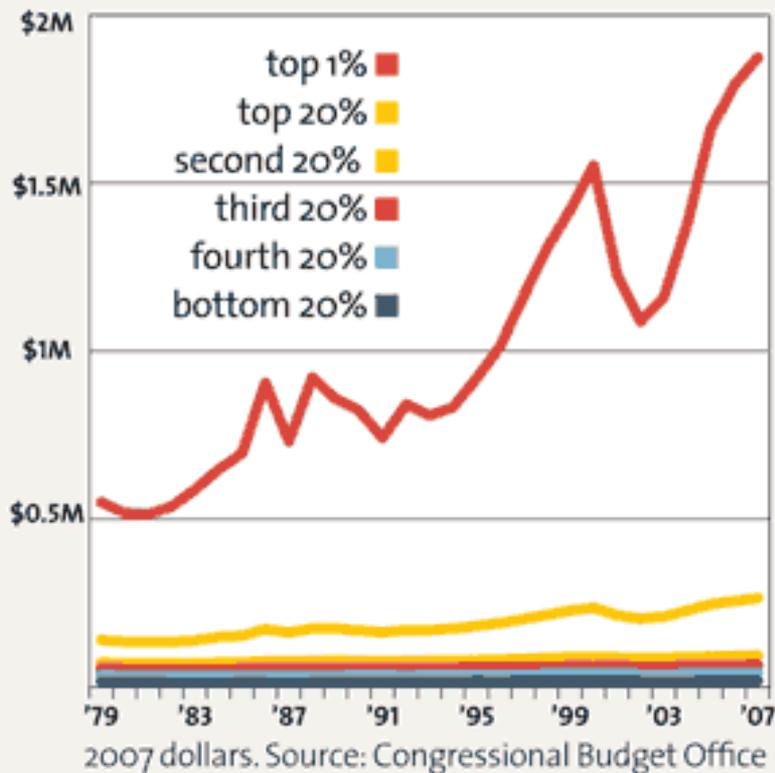
- Strengths
 - Growing jobs and income, high wage/high skill workforce
 - Strong technology/innovation performance; globally competitive companies
 - Low-cost power
- Areas to improve
 - Education
 - Transportation infrastructure
 - Sector/cluster support - e.g. aerospace workforce

Next steps

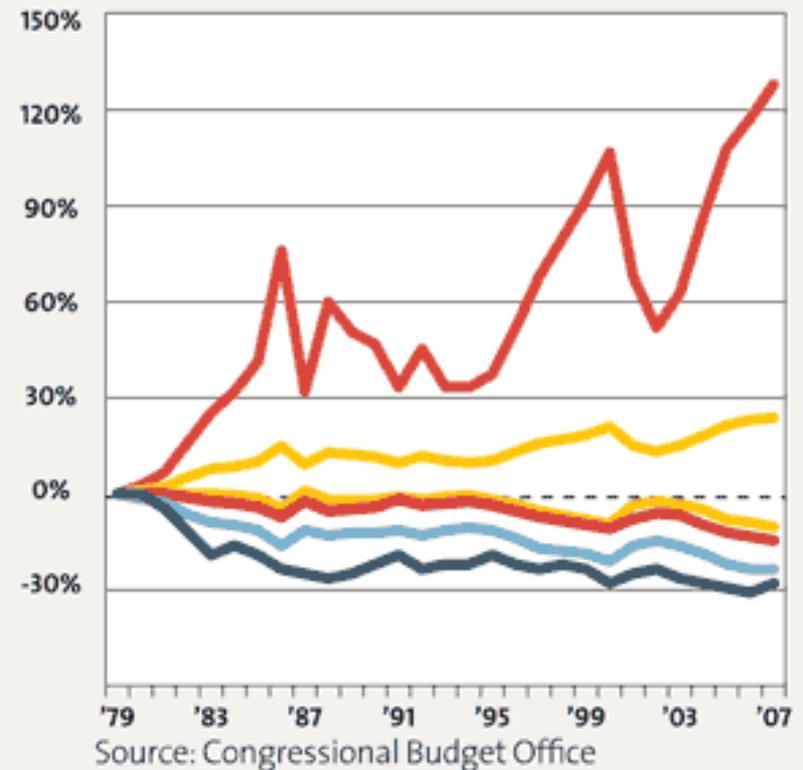
- Update on annual basis
- Focus on areas for improvement
- Get bottoms up perspective from network

Economic Performance: Growing Inequality

AVERAGE HOUSEHOLD INCOME
before taxes



CHANGE IN SHARE OF INCOME
vs. 1979, after taxes



High-, Medium-, and Low-Wage Jobs

NAICS codes

100	HIGH	Federal Government	113	MEDIUM	Logging
237	HIGH	Heavy and Civil Engineering	200	MEDIUM	State Government Educational Services
322	HIGH	Paper Manufacturing	236	MEDIUM	Construction of Buildings
324	HIGH	Petrol & coal Prods Mfg. & Plastics & Rubber Prods Mfg	238	MEDIUM	Speciality Trade Contractors
334	HIGH	Computer and Electronic Product Manufacturing	300	MEDIUM	Local Government Educational Services
336	HIGH	Transportation Equipment Manufacturing	311	MEDIUM	Food Manufacturing
423	HIGH	Merchant Wholesalers, Durable Goods	321	MEDIUM	Wood Product Manufacturing
425	HIGH	Electronic Markets and Agents and Brokers	323	MEDIUM	Printing and Related Support Activities
483	HIGH	Water Transportation	327	MEDIUM	Nonmetallic Mineral Product Manufacturing
511	HIGH	Publishing Industries except Internet	331	MEDIUM	Primary Metal Manufacturing
517	HIGH	Telecommunications	332	MEDIUM	Fabricated Metal Product Manufacturing
522	HIGH	Credit Intermediation and Related Activities	333	MEDIUM	Machinery Manufacturing
524	HIGH	Insurance Carriers and Related Activities	335	MEDIUM	Electrical Equipment and Appliance Mfg
541	HIGH	Professional, Scientific and Technical Services	339	MEDIUM	Other Durable Goods Manufacturing
551	HIGH	Management of Companies and Enterprises	424	MEDIUM	Merchant Wholesalers, Non Durable Goods
562	HIGH	Waste Management and Remediation Services	441	MEDIUM	Motor Vehicle and Parts Dealers
622	HIGH	Hospitals	481	MEDIUM	Air Transportation
442	LOW	Furniture and Home Furnishing Stores	484	MEDIUM	Truck Transportation
443	LOW	Building Material and Garden Supply Stores	488	MEDIUM	Support Activities for Transportation
444	LOW	Food and Beverage Stores	493	MEDIUM	Warehousing and Storage
445	LOW	Health and Personal Care Stores	531	MEDIUM	Real Estate and Rental Leasing
446	LOW	Clothing and Clothing Accessories Stores	621	MEDIUM	Ambulatory Health Care Services
452	LOW	General Merchandise Stores	811	MEDIUM	Repair and Maintenance
453	LOW	Other Retail Trade			
561	LOW	Admin and Support and Waste Management and Remediation			
611	LOW	Education Services			
623	LOW	Nursing and Residential Care Facilities			
624	LOW	Social Assistance			
721	LOW	Accommodation			
722	LOW	Food Services and Drinking Places			
812	LOW	Personal and Laundry Services			
813	LOW	Membership Associations and Organizations			

Back to Presentation