



Four Pillars for Economic Growth and Job Creation

***WA Workforce Training & Education
Coordinating Board
May 3, 2012***

Egils Milbergs

Executive Director

Washington Economic Development Commission

Olympia, Washington

www.wedc.wa.gov

egilsm@wedc.wa.gov

360-586-5661

WEDC 2.0

Commission Members

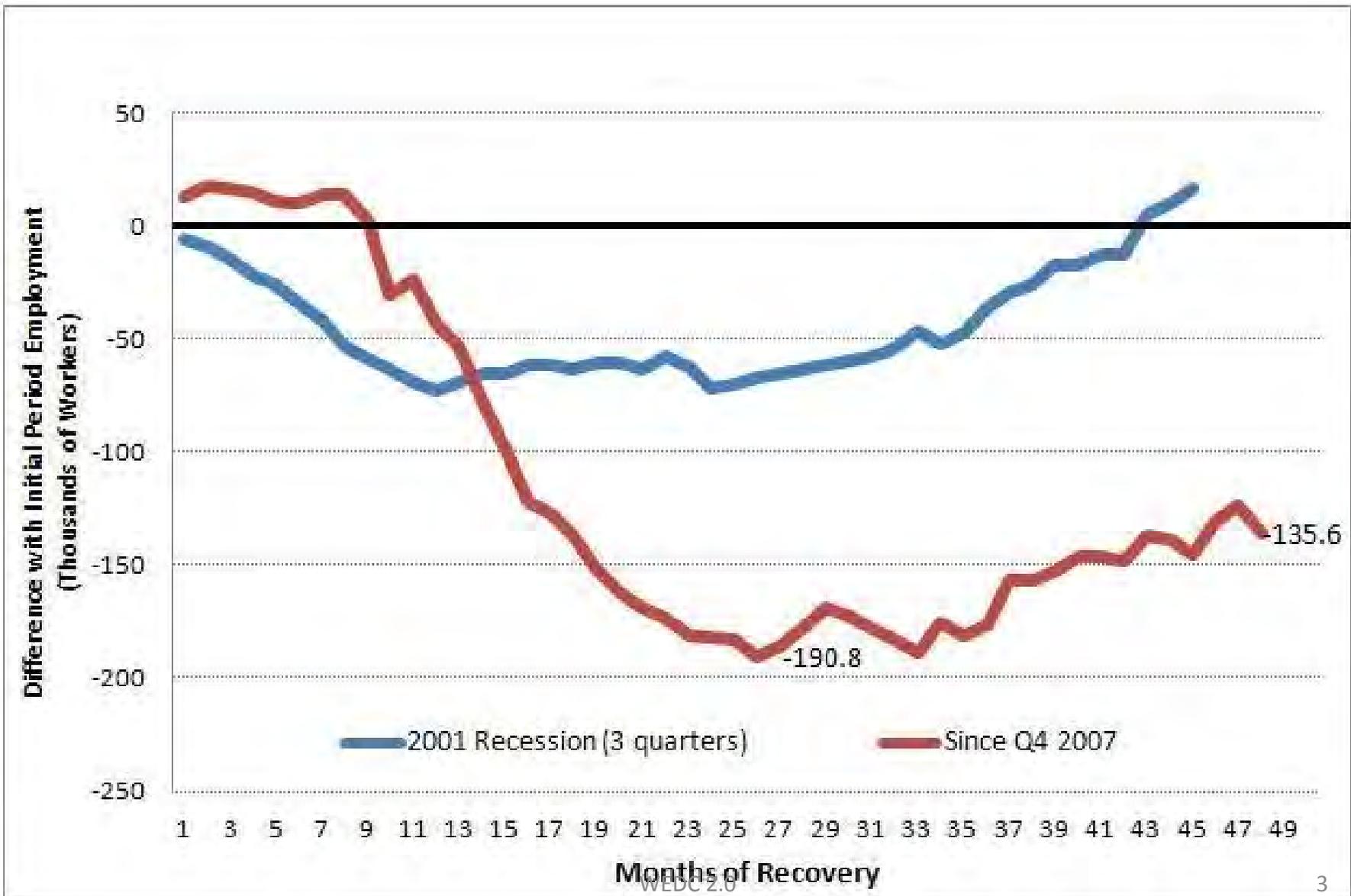


VENTURE PARTNERS



Department of Commerce
Innovation is in our nature.

Slow Job Recovery Path for WA



The Great Policy Reset

FROM

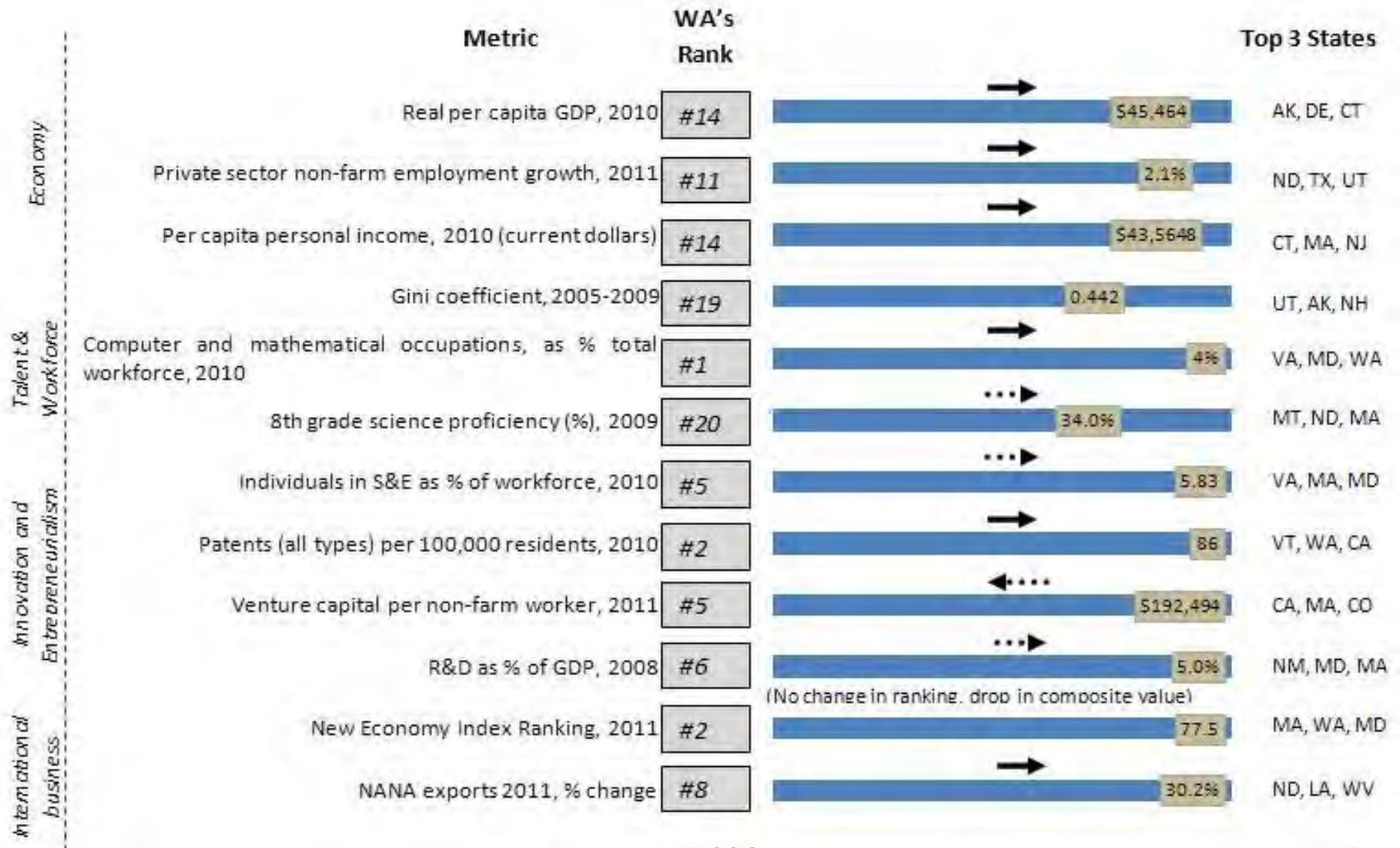
- Short-term fixes
- Public Sector Jobs
- Shovel Ready
- Expand Safety Net
- Consumption
- Foreign Debt



TO

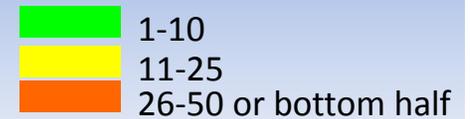
- Long-term policies
- Private Sector Jobs
- Innovation Ready
- Workforce Skills
- Investment
- Exports

WA Benchmarks: Commonly Used Metrics



WA Composite Rankings

Rank:

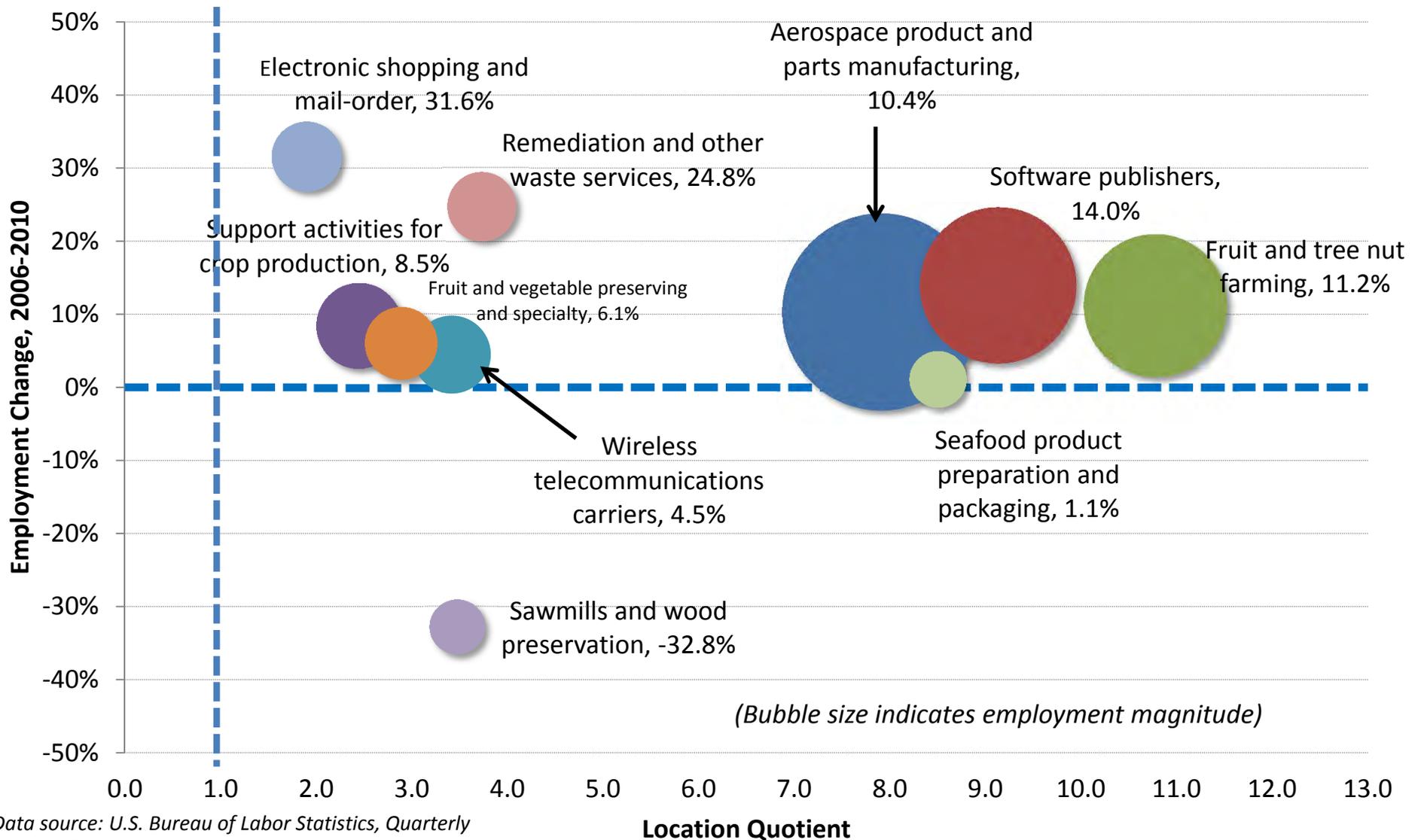


Year	Index/Report	Previous	Movement	Overall
2010	State New Economy Index	2	-	2
2010	Small Business Survival Index	5	-	5
2011	Forbes	5	↓	7
2012	Tax Foundation State Tax Climate	8	↑	7
2011	CNBC	15	↓	20
2011	Moody's Cost of Doing Business	22	↓	29
2011	CEO Magazine	30	↓	34
2011	WA State Economic Climate Study	10 to 18	↓	9 to 28
2011	Michael Porter/States & Clusters	N/A	N/A	1 to 45

Four in **bold** together compare over 90 measures.

Concentration of Industry Clusters in Washington

(4-digit NAICS) By employment—excludes life sciences, healthcare, retail



Data source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

The Economic Outlook

Reasons for Optimism

- Strong anchor companies: aerospace, food, information technology, medical, non-profit
- Young, connected, smart people
- Intellectual property hotspot
- Attractive place to live
- No income tax
- Pacific Rim location
- Potential defense opportunities
- Growing entrepreneurial sector
- Abundant energy sources

Reasons for Pessimism

- Global uncertainty
- Long term unemployed
- Skills mismatch
- Short on engineering talent
- Underperforming schools
- New port competition
- Poor transport infrastructure
- Adjustment in lagging regions
- Income disparity
- Cost/complexity to start a new business.

To accelerate job creation, WA must make progress on four dimensions



Intellect

Emphasize career transition, access to learning resources and the skills that employers need.



Investment

Create innovation ecosystem to foster new products, start-ups and manufacturing.



Infrastructure

Design a 21st century infrastructure, an efficient regulatory system and align to local objectives.



International

Grow the global presence of Washington's business.

Policy Specifics Around Four Pillars

TALENT

1. Prioritize career and technical education with apprenticeships, STEM, on-line learning and career info.
2. Achieve 60% post-secondary attainment rate.
3. Expand UI flexibility to fund training.
4. Fill critical skills gaps by backing visa reform.

INVESTMENT and ENTREPRENEURSHIP

1. Support small business, STARs EIRs and early stage start-ups.
2. Strengthen innovation ecosystem by competing aggressively for federal funding.
3. Improve tax and regulatory policy to foster business and job creation.

INFRASTRUCTURE and REGULATIONS

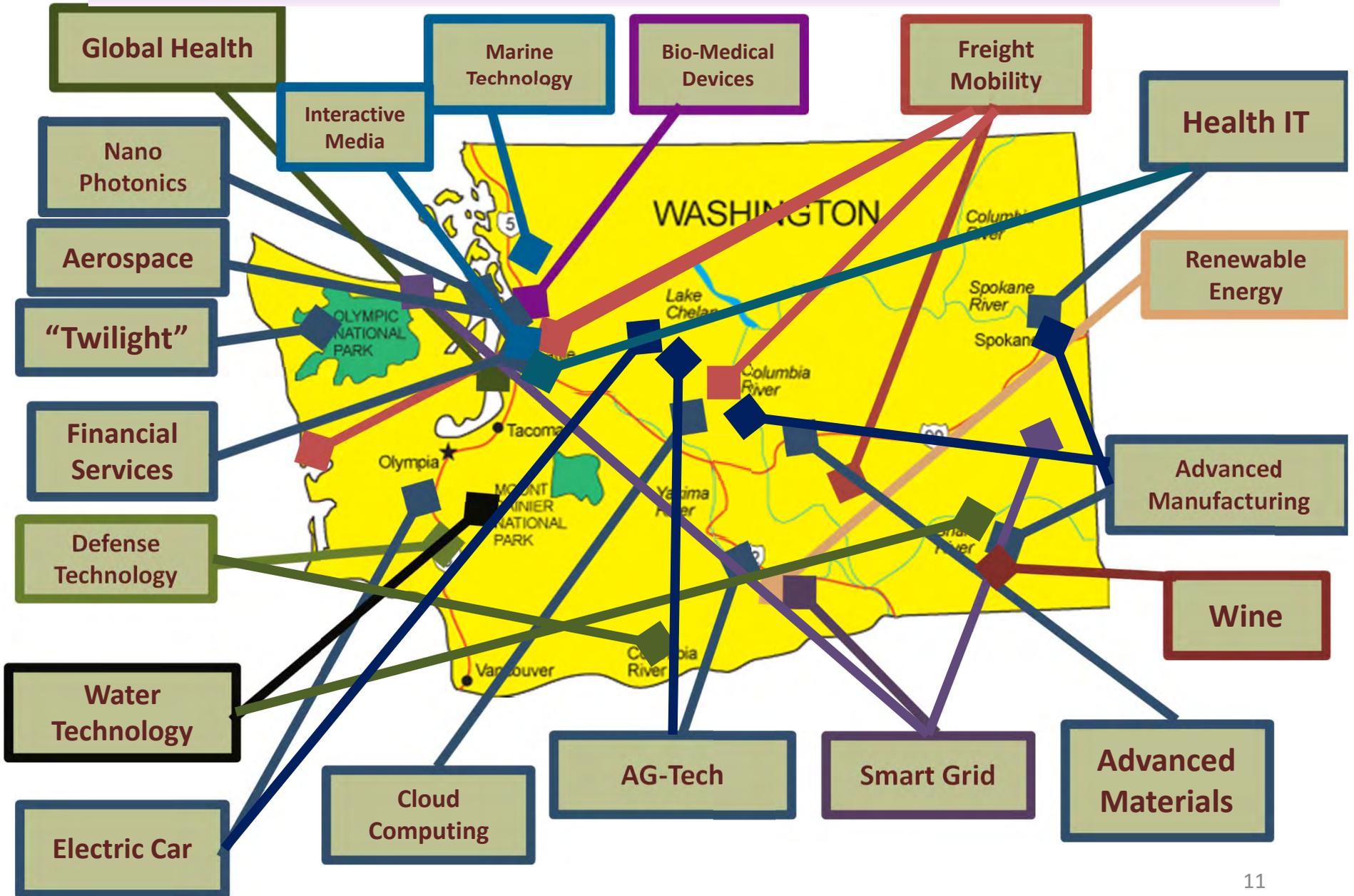
1. Develop alternative financing mechanisms for transportation.
2. Prioritize infrastructure investments of national significance.
3. Require economic development and sustainability criteria in capital budgeting process.
4. Reduce regulatory burdens and cost of compliance.

INTERNATIONAL BUSINESS

1. Expand export assistance services and overseas reps.
2. Double state-led trade missions to increase exports.
3. Optimize state's export assistance eco-system by creating private sector led export council.
4. Intensify innovation and collaboration in Pacific Northwest.

SOURCE: Draft Policy Recommendations as of April 2012

There's a Lot of Innovation Going On!!



Building Regional Innovation Clusters



- **Faster innovation**
- **Knowledge spillovers**
- **New enterprises**
- **Enhanced productivity**
- **Higher wages**
- **Stronger regional economy**
- **Industry-led initiatives**
- **Creates JOBS**

Innovation Partnership Zones



- Bellingham Innovation Zone
- Aerospace Convergence Zone
- North Olympic IPZ
- Tri-Cities Research District
- South Lake Union Life Science IPZ
- Spokane University District IPZ
- Bothell Biomedical Manufacturing Corridor
- Central Washington Resource Energy Collaborative
- Grays Harbor Sustainable Industries
- Pullman –Clean Tech Industries
- Walla Walla IPZ
- Interactive Media and Digital Arts
- King County Financial Services Collaborative
- Urban Business Center for Innovative Partnerships
- Urban Clean Water Technology Zone

Defense Technology is an Opportunity

Whidbey Island Naval Air

Naval Station Everett

US Coast Guard

WA Nat'l Guard

**Joint Base Lewis McChord
Madigan Medical Center**

**US Army, Yakima
US Marine Corps**

Spokane Fairchild AFB

191,000 jobs
\$12.2 billion in output
\$10.5 billion in labor income
\$5.2 billion in defense contracts

- ❖ Intelligence, Surveillance, and Recon
- ❖ Special forces and special operations
- ❖ Network-centric operations
- ❖ Cyber security
- ❖ Composite materials
- ❖ Unmanned systems – both air and sea
- ❖ Energy efficiency
- ❖ Environmental stewardship
- ❖ Health care for veterans

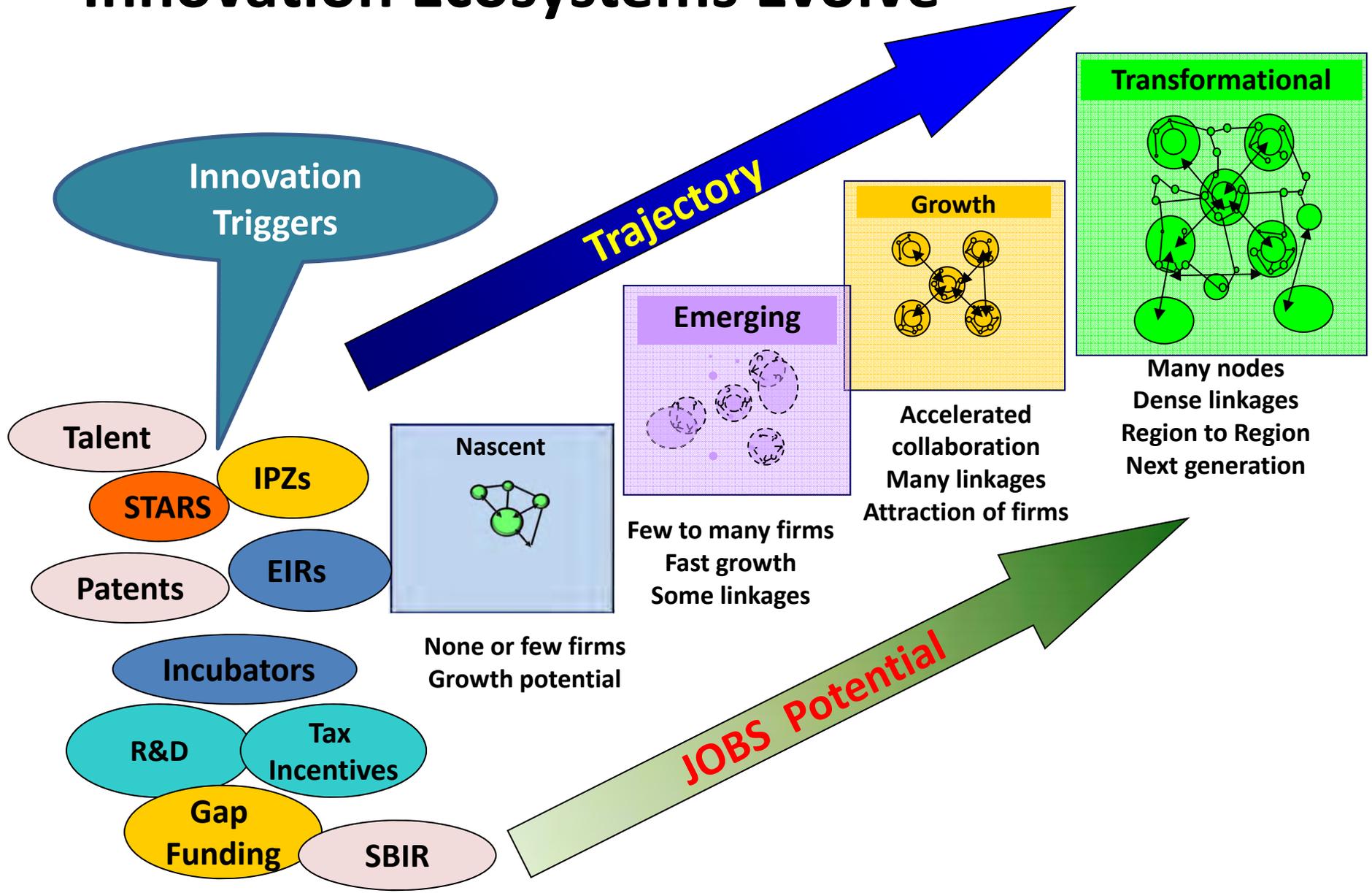
Naval Submarine Base Bangor

Puget Sound Naval Shipyard

CYBER TERRORISM

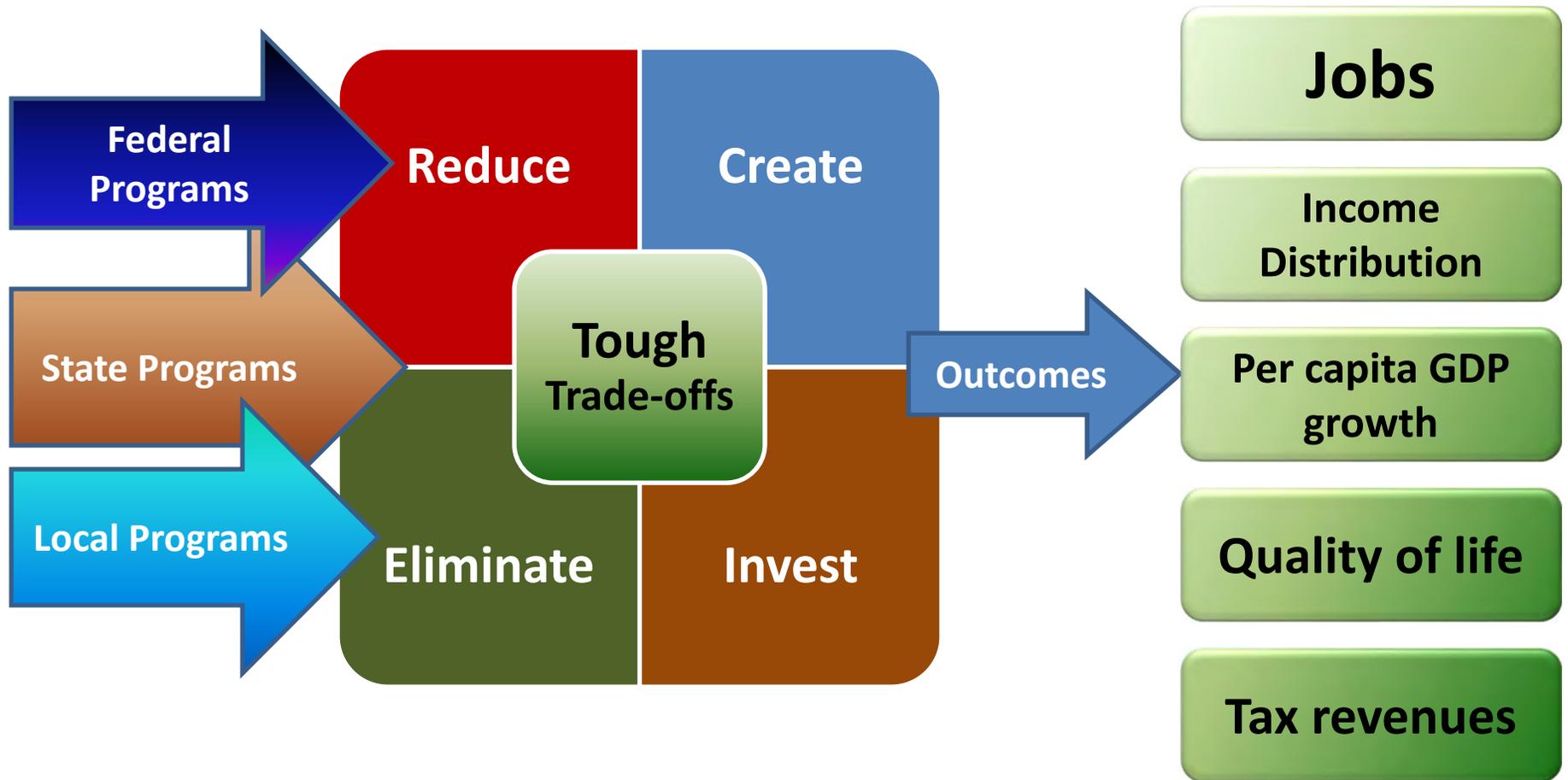
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Innovation Ecosystems Evolve



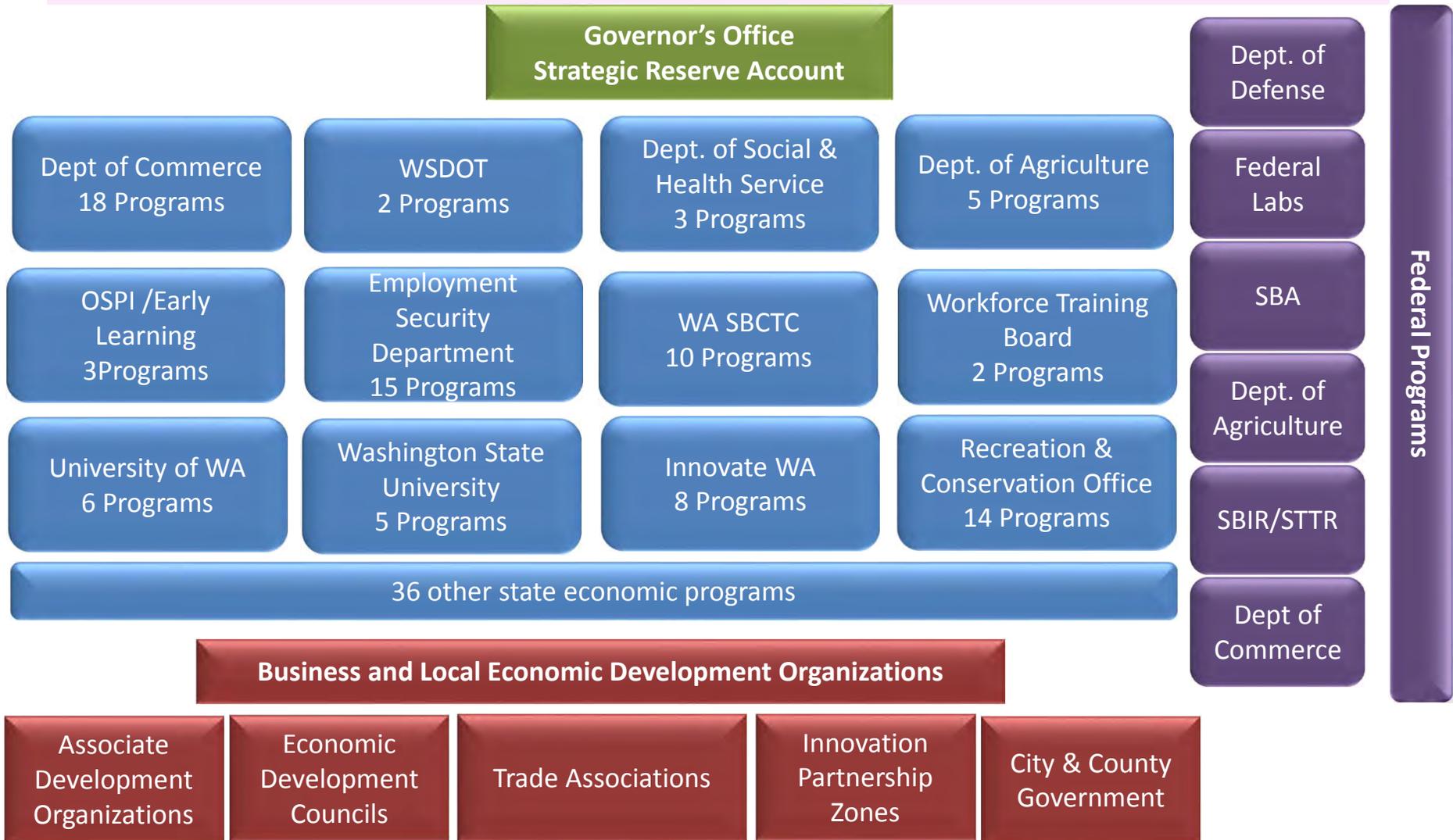
Fiscal constraints require new priorities

Some difficult choices ahead for economic development



Current Economic Development System

Many pieces, but how do they work together?

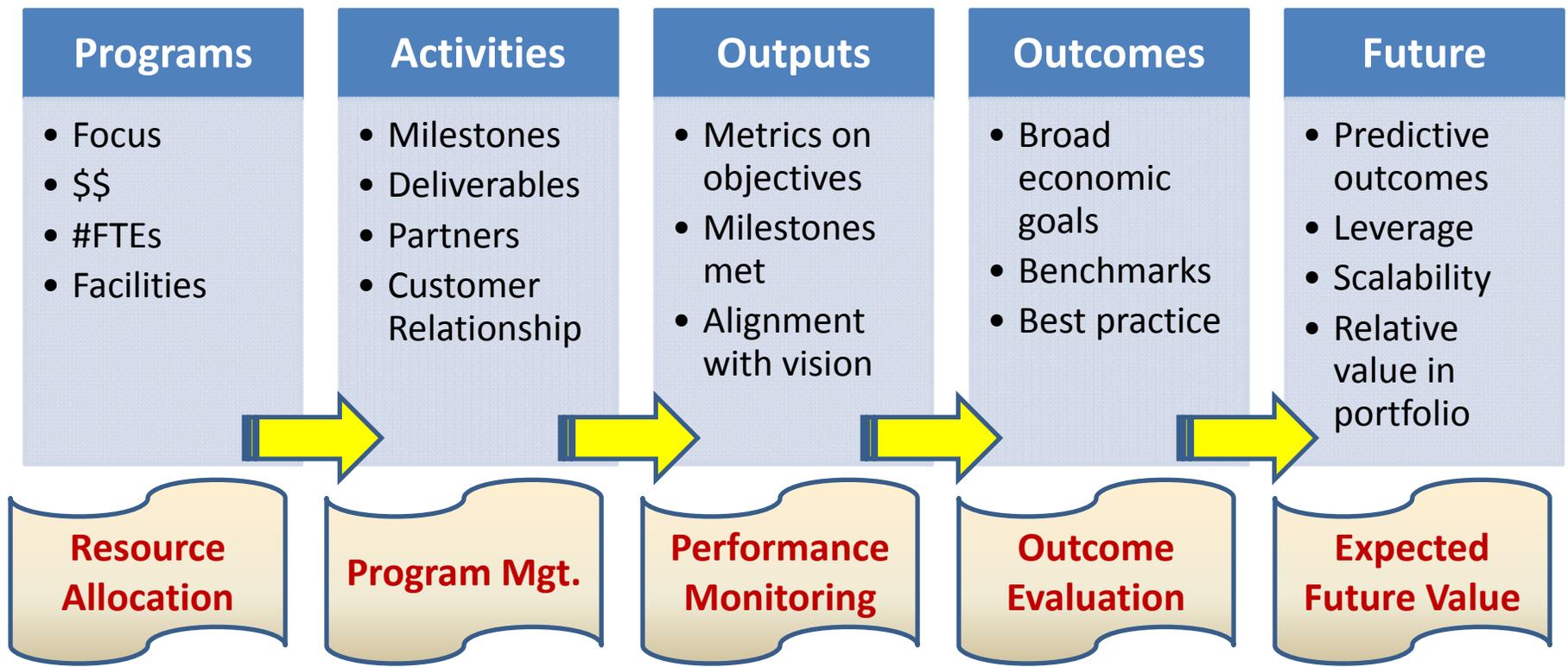


WEDC Evaluation Logic Model

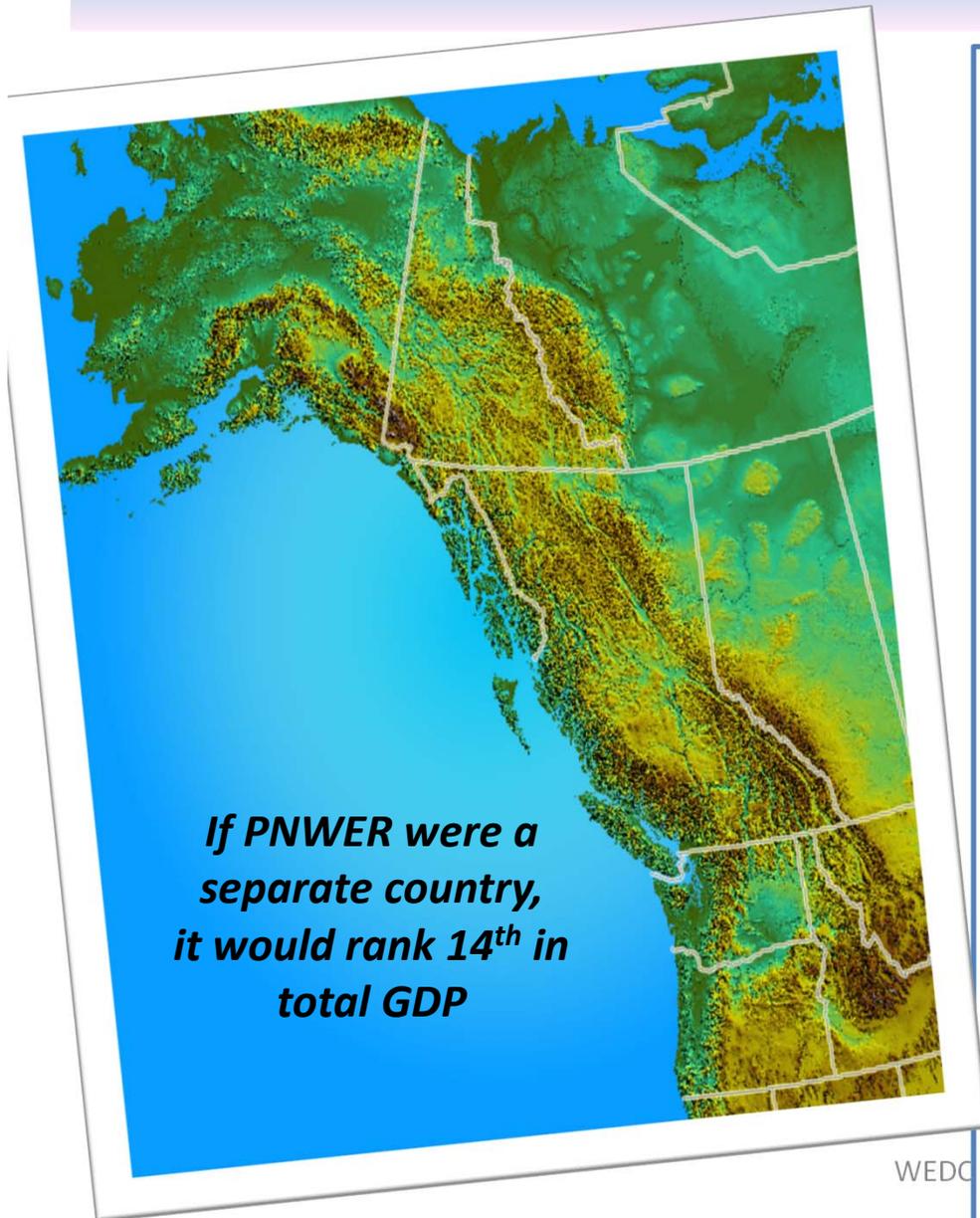
Building a framework for collecting and analyzing data

Agency managers are focused here

WEDC evaluation will focus here



Pacific Northwest is an innovation powerhouse



PNWER Region (GDP/Pop.)

<u>State/Prov.</u>	<u>GDP*</u>	<u>Population</u>
Wash.	322,778	6,549,224
Alberta	291,300	3,735,086
B.C.	191,006	4,551,853
Oregon	161,573	3,782,991
Idaho	52,747	1,545,801
Alaska	47,912	686,293
Sask.	41,296	1,049,701
Montana	29,885	974,989
NW Terr.	4,124	41,464
Yukon	2,026	34,157
Total	1,144,647	22,901,559

*2009 population & GDP in \$US Million

Data provided by PNWER – Pacific Northwest Economic Region

A six month celebration in 2012
www.thenextfifty.org

