



Department of Commerce

Innovation is in our nature.

Commerce Priorities to Grow and Improve Jobs.

Sustaining a world-class economy involves making continuous improvements to Washington's competitive position in a number of areas. As we look at these areas through the lens of job creation and job growth, a clear picture of priorities for action emerges. We identify four global priorities that will benefit every business in the state. The four are equally important and not presented in priority order. We also identify four specific priorities that target particular aspects of our mission.

GLOBAL PRIORITIES

Competitiveness

Washington State is a product that competes every day to retain, grow, and attract businesses. Examples of product features include our deep ports and proximity to fast-growing overseas markets, strong community college system and tax policy. The Department of Commerce should function as the "product manager" for the state. There is a widely-held perception that Washington is not a business-friendly state, yet plenty of evidence indicates the state is "open for business." Washington ranked second overall on the 2009 *Forbes* best states for business list (first for our growth prospects) and near the top of the 2008 *State New Economy Index*. Actions to improve our state's competitiveness will emphasize:

- Strengthening our partnership with the statewide network of entities selling and marketing Washington including local economic development organizations, local governments, chambers of commerce, port districts, business leaders, and others.
- An annual competitiveness report with an implementation plan to address needs
- Fostering Washington's culture of innovation
- Communicating our competitive advantages more effectively

Education and Workforce Training

A deep base of skilled talent is more important than ever for economic success. Washington enjoys a well-regarded education system, but it is underperforming in key areas right now when important segments of our workforce are aging and preparing to leave. Degree production does not align with job openings, and students are graduating high school without adequate skills to pursue either employment or advanced training and education. Commerce should be engaged as an advocate with both the business and the educational communities to ensure these essential issues are addressed. We will explore ideas such as:

- Supporting implementation of the College and Work Ready Agenda that addresses early learning programs, K-12 math and science education, undergraduate degrees in high-demand fields, and public university research and development

- Integration of customized training programs to better link employer and workforce needs and opportunities
- Aligning the Commerce and Workforce Training and Education Coordinating Board's industry clusters to focus effort and resources more effectively
- Developing and maintaining industry-defined skill standards for key industries

Infrastructure Investment

Reliable and efficient infrastructure is essential to grow and improve jobs in the state. Communities need reliable and safe systems for water, waste, communications, transportation, energy and affordable housing. Washington's infrastructure systems have not kept up with community needs. From 1998 to 2006, more than \$9.1 billion in state and federal funds were invested in local communities for three core infrastructure areas: sanitary sewer, domestic water and bridges/ roadways. This provided 26% of the total costs for these systems and improvements, leaving the rest to local financing. Recent estimates assume a local funding requirement of \$7.58 billion- \$1.26 billion each year for 2004-2009 - for the areas of local transportation, sewer and drinking water.¹ The ways in which federal and state funding programs operate can also cost precious time and money. It can take a jurisdiction up to five years to assemble financing for a single infrastructure project.

The Department of Commerce is working with managers from several infrastructure financing programs in state government to plan a summit this fall. We expect to generate a shared vision for how we can partner to address the infrastructure needs across our state. Our efforts will focus on:

- Restoring infrastructure funding in future budget cycles
- Developing a shared strategy for infrastructure financing, focused on integrating the way we address transportation, land use, housing and traditional infrastructure needs
- Exploring the merits of co-locating infrastructure programs in one state agency
- Improving efficiencies in our funding programs

More Efficient Regulation

We want to make Washington even more attractive for business, while maintaining the high quality of life we enjoy. Survey respondents identified quality of life as a leading advantage of doing business in Washington. This is due, in part, to our regulations regarding health, safety, land use and natural resources. Regulation in and of itself is not bad, it's necessary. However, the way in which we implement regulations can significantly affect a business' bottom line.

On a national basis, some studies rank Washington's regulatory structure among the top 10 states. And yet, in the experiences of many businesses located here and from the results of other national rankings, we need to improve. This is not about our regulatory standards themselves, but about how they are delivered. State government can make it easier, faster and more predictable to get a permit or a license, comply with required reporting, or pay a tax or fee. Improvements in the system will go right to the bottom line of every organization affected. Initial actions to deliver regulation more efficiently will emphasize:

¹ See *Meeting the Growth Management Challenge in Growing Communities*, December 2008, CTED —available online at <http://www.ofm.wa.gov/study/--Appendix D, pg 26>)

- Establishing “service and delivery” standards for regulatory requirements
- Maximizing use of technology and e-government in the regulatory arena to enable regulated entities to apply, pay, file, change, track and review their applications on-line
- Synchronizing permit reviews for complex projects to decrease overall permitting time

SPECIFIC PRIORITIES

Community Capacity

We believe that a strong economy requires a strong community as a foundation. Our highly efficient and effective model of investing through community service agencies and local governments emphasizes building capacity that is aligned with specific community needs and priorities. Community capacity includes providing support systems and services to vulnerable populations that not only strengthens communities, but also places more workers in the labor force. This results in reduced need for public assistance, higher wages, placement of workers on job ladders and a host of other individual and societal benefits. While the connection of this work to job creation is more indirect, it is vital work and needs to be well managed. Actions to improve building community capacity could include:

- Expanding supported-employment programs for low-income residents
- Supporting neighborhood centers that promote employment, affordable transportation and housing, and capacity-building services
- Broadening our community development focus to integrate economic vitality and job training

Rural Focus

A gap exists in the prosperity experienced between urban and rural economies in Washington. Rural areas compare unfavorably to urban areas in poverty rates, education levels and per capita income. This disparity is part of a century-long trend of urbanization and depopulation in many rural areas. One initiative that could improve economic performance in rural areas is improved access to broadband communication services. Broadband is the highway system of the 21st Century, enabling expansion of on-line delivery of healthcare and education. More than 48,000 jobs can be created in Washington with expanded broadband access, according to Connected Nation, an organization of businesses and advocates for broadband policy. In addition to expanding broad band access, better coordination of state infrastructure spending can simplify the process for financing projects in those rural communities that are designated for economic growth

Actions to improve our focus on economic development in rural communities will include:

- Support for the current federal initiatives under the America Recovery and Reinvestment Act to map and provide broadband access in under-served areas and to under-served populations
- Expanded partnership with other state agencies to improve and enhance services provided to rural areas

Sector Focus

From agriculture to aerospace to life sciences to communication and information technology, Washington has a healthy diversity of strong economic sectors. Diversity makes our economy more resilient so we should invest to foster it. While most industry sectors will share an interest in many of the global priorities, a number of significant growth sectors such as clean energy, aerospace, life sciences, information technology, and communications would benefit from focused attention from the state to organize initiatives that could spur significant future growth. Commerce needs to understand the issues affecting these sectors and actively engage with companies on creative ideas for how the state can help. Actions to improve our focus on key sectors will emphasize:

- Designating a sector manager with deep expertise for each of our key existing and potential sectors
- Identifying and coordinating efforts within target sectors where clear, consolidated leadership can attract significant levels of public or private investment
- Working closely with the network of local governments and economic development organizations on a proactive business development effort

Small Business

Around 60% of the jobs in our state are in companies of less than 50 employees. Many rural and minority and women-owned businesses are small, so a focus here has multiple benefits. Small businesses struggle with the complexity of government requirements, getting access to capital, and getting advice and assistance, among other barriers to success and growth. We can and should do more to help small businesses succeed. Complex regulations are more costly to small businesses than to large businesses, putting them at a competitive disadvantage. Some level of “churn” in business start-ups and closures indicates healthy risk-taking and innovation, which we want to encourage. At the same time, we want small business to thrive in our state. A focus on helping them succeed will pay off for in growth and quality of jobs for families throughout our state. Actions to improve our assistance to small businesses will emphasize:

- Facilitating efforts to consolidate and expand small business financing assistance
- Enhancing regulatory assistance for small businesses
- Advocacy for process improvements within state and local governments to simplify and improve interactions with small business