

First Steps to Building a Working Washington: Jay Inslee Approach to Job Creation

We are competing for the jobs we want and already have with states and other countries. To compete, we must nurture local industries, prepare our children and workers for a 21st Century economy, change the way government agencies do business with their boss, the taxpayer, and partner with health care providers to value quality over quantity and lessen the cost burden on workers and employers.

To build a Working Washington and rebuild the middle class, we need to take control of our own destiny. We cannot rely on a series of blue ribbon commissions and one-off policy initiatives without a unifying strategy to create long-term prosperity. As part of an ongoing agenda for jobs, Jay Inslee will be announcing a set of specific policy proposals focused on the following:

- **First Steps Toward Building a Working Washington**
- **Education and Workforce Development**
- **Lowering Health Care Costs**
- **Reforming Government**

Guiding Principles

Rebuild the Middle Class – Efforts must target middle-class job creation and economic development that ensures sustained and economy-wide job creation.

Wake-Up Call – We are in an international race, falling behind in some respects, and the middle class is withstanding the worst of this impact. We cannot continue to rely on luck to grow jobs.

Local and from the Ground Up – Jobs will come from the private sector working with local leaders and industry. Solutions will be from the ground up, not from the top down. Opportunities in one area of the state may require a very different approach from other areas of the state; we must harness the unique strengths of local communities. There is no “one-size-fits-all” solution.

Washington Values – We will achieve long-term economic growth by protecting our core values, fostering innovation, protecting our environment, delivering quality education, and meeting infrastructure needs. We will not get there by undermining these values and scapegoating workers, as had been done in other states.

Invest in Today and Tomorrow – Economic development and job creation policies must include measures targeting near-term job creation, medium-term development, and long-term growth. This includes infrastructure projects that put Washingtonians to work immediately, policies that nurture key industries, and investments in education for sustained growth.

Ongoing Reforms – Make ongoing systemic changes to the way the state and Governor’s Office facilitate job creation. By themselves, blue ribbon commissions and reactionary responses to the latest crises often fail to achieve ongoing results absent systems in the Governor’s Office to drive constant change.

No Excuses from the Top – The Governor needs to be accountable for successes and failures of facilitating job creation. We must make government more efficient and effective, activating all agencies to align policies and remove barriers to job creation.

First Steps Toward Building a Working Washington

Jay Inslee’s policies, designed to send Washington State into the game of 21st Century job creation, through expansion, retention, and business recruitment will vastly improve target industries and their respective business environments, on which the future economy hinges.

The world is more competitive today than in any other time in human history. We must adopt directed policies to nurture industries in which Washington State has an economic edge—an inherent advantage that we can rely upon to grow more jobs. Those targeted industries are: Life Sciences, Aerospace, Military Bases, Clean Energy Technology, Agriculture, Information Technology, and Maritime. The saying used to be, “As goes Boeing, so goes Washington’s economy.” We now know that as go these seven industries, so goes Washington’s economy.

This job creation approach creates middle-class jobs in the targeted industries as well as multiplier middle-class jobs in ancillary industries—from construction and sales to supermarkets and restaurants. We also must foster the growth of small businesses and help them prosper in a global economy, while giving workers the tools they need to thrive in a rapidly evolving economy.

We need a governor who accepts no excuses in getting the job done, and who can institute a systemic plan—ongoing, coordinated, and dynamic—to ensure that we are always evaluating our competitiveness, making adjustments, and identifying new ideas. This also requires us to take a critical look at all tax incentives and loopholes, ensuring methods in use are proven to create jobs.

Chapter 1: Laying the Groundwork

Building a Working Washington starts with rebuilding the middleclass, and it is the job of state government to adopt smart policies and regulations that foster the retention and creation of jobs. These policies include maintaining a high quality of life by providing the best public education, protecting our environment, making necessary investments in infrastructure, adopting high quality and low-cost health care delivery, providing efficient government services, and reliable, expeditious permitting.

We also need to restructure our often ad hoc job creation and economic development capabilities to operate in a more consistent, systemic, and strategic manner. We need to replace reaction with proactivity.

Reform our Economic Development Capabilities

We can create economic development and competitiveness capabilities that allow us to compete in a 21st Century economy and help facilitate private sector job creation. For too long, our economic development efforts have lurched in fits and starts, responding to the latest crises without adequately addressing underlying problems.

Past attempts to reform the state's economic development structures have failed in many respects. Both the Department of Commerce and its predecessor have not been provided the needed focus on key industries; have been mixed with unrelated government agencies; have failed to incorporate a system to continuously evaluate and improve competitiveness; and have been inadequately empowered to break through agency silos to streamline regulations and permitting rules.

Despite its name, only a small fraction of the staff and funding are devoted to economic development at the Department of Commerce. Budgets that pay for vital safety net programs, such as children's health insurance and housing for disabled Washingtonians often fund economic development and trade programs. This competition for funds and years of budget cuts has left only a small group of employees and contractors available to help facilitate private sector job creation.

At the same time, states like Pennsylvania, South Carolina, Texas, and Delaware have seen success from aggressive company recruitment efforts. Our state government however, utilizes similar efforts only when opportunities "arise." When it comes to marketing our state, we have a great story to tell—a high quality of life, beautiful environment, and a highly trained workforce.

- **Establish a new Office of Economic Competitiveness and Development within the Governor's Office to provide economic development, trade execution, and policy development. The newly created, cabinet level position that is directly accountable to the Governor will lead this small organization.**

Many of these activities are not connected to an existing department at the moment. Elevating them within government enables the seamless crossing of multiple agencies and levels of government. Making the director a cabinet level position and locating it in the Office of Financial Management will give the group the mantle of the Governor, adding credibility when working with the private and public sectors. Finally, removing these functions from the Department of Commerce will leave behind an agency with

community, housing, and infrastructure programs. Legislation passed in 2009 expressed the State Legislature's interest in creating such an agency.¹

Responsibilities of the Office of Economic Competitiveness and Development:

- **Provide a direct link between industries key to our future prosperity, the Governor, and other parts of state and local government through newly created sector leads.**
- **Execute state level business recruitment, retention, and expansion opportunities including targeting suppliers of anchor companies and industries to tout the benefits of co-location and operation in our vigorous industry clusters.**
- **Establish an Ambassador Program made up of business recruitment teams in targeted industries to help recruit, retain, and expand companies. Teams will include the Governor, state agencies, members of the business community, labor representatives and where appropriate, spouses and community members such as education professionals who may influence relocation decisions.**
- **Induce collaboration and cooperation among and between state agencies when considering site location, state permit requirements, and regulatory barriers.**
- **Consolidate economic development agency functions and create a single point-of-contact and one-stop shop for industry engagement.**
- **Work with the Associate Development Organizations of Washington State to synchronize and collaborate activities.**
- **Provide trade assistance to Washington companies, coordination of trade missions, and international lead generation.**
- **Use websites, social media, trade show presence, and collateral material to market the state as a great place to visit and do business, domestically and internationally.**
- **Coordinate the state's job creation strategies, such as our Innovation Partnership Zones, and Community Empowerment Zones.**

Improve P-12, Higher Education, and Workforce Training Systems to Provide our Youth with Opportunities and to Meet Employer Needs

It is impossible to overstate the integral role that education plays in short and long-term job creation. In the coming weeks, Jay will be proposing a more comprehensive and specific plan to reform and improve our state's education system to meet our state's future workforce needs. For the purposes of this document, it is important to note that a well-educated and highly trained workforce facilitates company growth in industries across the board. As importantly, a high-quality public education system is essential to preparing our youth for tomorrow's jobs, and is a leading factor in our ability to attract and retain new businesses as well as educated, entrepreneurial talent to contribute to our state economy. Nobody wants to move across the country to put their children in sub-par schools.

Washington State ranks among the top 10 states for technology workforce, but has failed to provide the educational opportunities our citizens need to participate in their own state's economy. We rank 42nd in per-capita spending in education.² Fewer than half of our eighth grade students are proficient in math³

¹ <http://www.governor.wa.gov/news/news-view.asp?pressRelease=1355&newsType=1>

² <http://www.k12.wa.us/Communications/PressReleases2012/StatementQualityCountsReport.aspx>

³ <http://nces.ed.gov/nationsreportcard/pdf/main2011/2012458.pdf>

and science.⁴ In the 2010-2011 school year, only 76% of our students graduated high school on time.⁵ We rank 37th in Bachelor's degree production per capita,⁶ and we are the biggest importer of individuals with Bachelor's degrees or higher on a per-capita basis.⁷ In short, we are underfunding our schools, our schools are underperforming for our children, and our four-year colleges and universities have insufficient support to meet the needs of students and employers.

In order to compete in the 21st Century, we must offer Washington's students a strong foundation at the P-12 level, and our commitment to developing a highly skilled, competitive workforce cannot end after graduation. In providing a solid background in P-12 Science, Technology, Engineering, and Mathematics (STEM) education, we prepare our kids to excel in burgeoning fields with rapidly expanding workforces. Fields like Information Technology, Clean Energy, and the Life Sciences—and empower them to build and grow the next generation of companies and industries that will fuel economic growth and prosperity in our state. We must follow a strong P-12 foundation with apprenticeships and technical education directed toward producing an excellent next-generation workforce, with dramatically increased Bachelor's capacity in key fields.

- **Prioritize STEM degree production at our four-year colleges and universities so that as we restore our state's commitment to higher education, we expand student access to crucial fields like computer science, engineering, and biotechnology.**
- **Connect P-12 students with industry leaders and workers to introduce and inspire them into real world science and technology careers.**
- **Further develop relationships between emerging, job-creating industries and higher education – building partnerships in curricula and post-graduate requirements.**
- **Strengthen existing certification and apprenticeship programs to increase the production of skilled workers, with an emphasis on serving new high school graduates and military veterans.**

Invest in and Support Washington's Workers

Washington's workers are our greatest assets. Giving Washingtonians more tools to improve their knowledge base and their skill sets helps them achieve their dreams while also powering our economy. A well-trained and well-educated workforce helps create an environment that feeds on innovation and competition. There is no greater investment the state can make than in its citizens, and the state has an important role to play in their empowerment.

- **Allow workers to create a lifelong learning account with matched support from their employers in order to save for future retraining needs.**
- **Ensure that tax incentives and loopholes designed to create jobs are benefiting workers. Proven job creation should result from all existing tax incentives and loopholes for extension.**

Increase the Speed of our Commerce by Improving Freight Mobility to get Produce and Goods to more Markets Faster.

⁴ <http://nces.ed.gov/nationsreportcard/pdf/main2009/2011451.pdf>

⁵ <http://reportcard.ospi.k12.wa.us/summary.aspx?year=2010-11>

⁶ http://seattletimes.nwsourc.com/html/localnews/2011764312_bellevuecollege03m.html

⁷ <http://lazowska.cs.washington.edu/STEM.pdf>

We must prioritize transportation projects that improve commerce and create jobs by identifying funding solutions for needed rail and shipping projects. We cannot allow delays in the delivery of our state's products and produce, whether it is apples to the local farmers' market or airplanes to markets across the ocean.

- **Prioritize infrastructure improvements and freight mobility projects that expedite commerce and trade throughout the state, through our ports and beyond, over the long-term.**
- **Streamline regulatory processes to reduce time delays in permitting significant infrastructural upgrades**

Lower the Cost of Doing Business in Washington by Bending the Health Care Cost Curve

Any economic development plan would be incomplete without addressing one of our employers' top concerns: the rising cost of health care and coverage for their employees. Employers do not want to have to choose between laying workers off and eliminating health benefits. For too many Washington businesses, health care inflation is forcing that decision.

We need to improve the quality and cost efficiency of our health care system. By focusing on three pillars of health care reform: prevention, evidence-based medicine, and innovation, Washington can change the health care status quo and preserve the wellness of its citizens.

King County has shown how a preventative-based model saved them \$61 million⁸—expanding this idea to the entire state could result in savings between \$300-\$455 million. Evidence-based care will help ensure our dollars are being spent on the treatments and care most proven to work. Finally, innovation at every stage of care, from cutting-edge science to patient-centered payment methods, is vital to sustaining our health care system.

After gathering input from doctors, physicians, and other health care professionals across the state, we must chart a new vision for our health care system that will build upon the best practices adopted by businesses and municipalities that have successfully reined in costs and improved outcomes for patients and their care providers. To start, we must:

- **Reward high-quality, efficient care through improved coordination.**
- **Fundamentally change the “fee-for-service” model by aligning payment incentives with the kind of care we want and the kind of quality outcomes Washingtonians expect.**
- **Foster a sense of collaboration among providers, to break down the silos that keep providers from more effectively collaborating and integrating. The Governor can play a central role in convening stakeholders in the system to improve patient care.**
- **Use innovations in Medicaid and the purchasing power of the state to set an example of the kind of collaboration anticipated in Washington.**
- **Reduce medical errors.**
- **Support a robust health care exchange at the state level.**

⁸ http://seattletimes.nwsourc.com/html/localnews/2016323871_countybudget27m.html

Chapter 2: Focus on Small Businesses

Our small businesses, companies of 50 people or fewer, employ about 41% of Washington’s workforce.⁹ They sit at the forefront of economic cycles and are often the hardest hit during economic downturns. They were the foundation that pulled us out of our last recession and are key to pulling us into our economic recovery.

Targeting the seven industry clusters that will most likely dictate our prosperity – aerospace, life sciences, agriculture, military, information technology, clean technology, and maritime—will include many small businesses employing thousands of people. In addition, strong job creation in these industries will support thousands of small businesses from material suppliers, to dry cleaners, to restaurants.

Many of the policies outlined here, from workforce training in Renton to irrigation projects in Yakima, will affect our small businesses, either directly or indirectly. Investments by the state in our workforce and in our infrastructure, as well as procurement preferences, timely and predictable regulatory processes, all benefit our local businesses.

Provide Tax Relief for Small Businesses

To harness the power of small businesses to Build a Working Washington, we can better align our tax policies in a manner that works for these job creators. The following tax incentives should be enacted in a manner to encourage job creation, while preventing overlap and “double dipping.” Further, each tax incentive should be finite, narrow in scope, and subject to review for job creation performance.

- **Establish a Job Creation Tax Credit, giving a B&O tax credit to small businesses adding workers to their payroll. Credit should increase with the wages paid and top out at \$4,000 for every job created with a cap at \$8 million.**
- **Encourage small start-up businesses in high-growth, and often high-capital industries like biotechnology, biomedicine, clean energy technology, and information technology by providing B&O tax relief for the first three years of a company’s existence.**
- **Encourage small start-up businesses in high-capital industries by allowing pre-revenue companies, within appropriate limits to accrue R&D credits for resale.**

Make Government Work for Small Businesses

Interaction with government should be as easy, predictable, and as timely as possible. State government needs to remove barriers to working with the state so our businesses can focus on success. When it comes to small businesses, Washington ranks among the top with its high number of startups.¹⁰ However, too often, these shops close their doors for good within their first few years. Running a small business can be a daunting task, with obstacles seemingly at every turn. Navigating excessive, complex government bureaucracies should not be one of them. This puts dollars back into the pockets of small business owners and allows them to reinvest in their companies and hire Washingtonians. Government must be a partner in the success of a business, not a hindrance to it.

⁹ <http://www.washingtonpolicy.org/publications/facts/snapshot-small-businesses-washington>

¹⁰ <http://money.usnews.com/money/business-economy/small-business/articles/2009/01/06/the-7-best-states-to-start-a-business>

- **Invest in our regional procurement technical assistance centers (PTACs). PTACs are akin to the economic development councils of the private sector, providing the technical assistance and expertise to small businesses pursuing U.S. Department of Defense contracting work.**
- **Expand the state’s online, open-bid procurement process to allow small businesses to compete for state contracts, increase competition for state purchases, and allow members of the public to review open and current bidding and contracts.**
- **Expand Lean management techniques in all state agencies to empower state employees to improve operations, provide more certainty and timeliness in regulatory decisions, improve customer service, and deliver more service for each taxpayer dollar.**

Improve Workforce Training

Every successful homegrown business in our state once started out as a one or two-person operation. First, it takes an idea. Then it takes the know-how to get it off the ground. That knowledge comes from a trained and educated workforce. Our state must continue connecting our small businesses with the workers they need by training those entering the workforce with applied skill sets, and retraining those who seek out new skills and career paths.

- **Develop a program to rapidly train workers, similar to programs in Georgia and North Carolina, with a skill set specific to a business or industry’s needs, working in conjunction with existing assets at our regional workforce development councils. This can serve as a tool for recruitment and retention as it will be a service provided to businesses.**
- **Strengthen the bonds between our community and technical colleges and our employers, through applied curricula in high-demand fields developed with employer-input and technical assistance.**
- **Increase existing certification and apprenticeship programs to increase production of skilled workers, with an emphasis on serving new high school graduates and military veterans.**
- **Expand the successful Small Farm Internship Program from one region to the entire state, allowing opportunities for education and training to young farmers, and the farm assistance needed on today’s farms.**

Expand Export Opportunities

Washington State is the closest state in the continental U.S. to the fast growing economies of Asia, yet currently less than five percent of all Washington companies export.¹¹ By aggressively targeting these markets for Washington products, we can help insulate our state’s economy from the recessionary cycle of domestic markets.

- **Provide small and medium sized businesses market information, technical support, and access to available financial assistance.**
- **Embrace President Obama’s Global Export Initiative and partner with the federal government to provide more access to global opportunities and markets for small and medium sized Washington companies.**

¹¹ <http://www.governor.wa.gov/news/news-view.asp?pressRelease=1517&newsType=1>

Chapter 3: Life Sciences

Continued growth and revolution in the life sciences meet growing health needs and provides new opportunities for innovation. Life sciences, including biotechnology, biomedical devices, global health, and personalized medicine is an industry in which the United States remains the unquestioned global leader. We need to ensure that Washington State is one of the top life sciences centers in the world. These businesses and non-profits currently account for over 22,000 direct jobs in Washington State, and may contribute to another 55,000 indirect jobs, according to the City of Bothell and the Washington Research Council.¹² Continued success will bring thousands more direct and indirect jobs to our state.

While many innovators call Washington home, other states more aggressively court this growth industry. Earlier this month a respected biotech trade publication carried the following headline: “New Biotech Clusters in the U.S. are Scrambling to Challenge Established Regions.”¹³ The article featured several other regions engaged in policy initiatives aimed at overtaking established clusters—including Seattle. Washington State cannot rely on continued ad hoc development to remain competitive—we need a concerted and intentional policy focus to help facilitate job creation.

Jay Inslee has worked for years to help the life sciences industry succeed in developing innovative biologics and creating jobs. Jay stood up to party politics by passing a bipartisan bill to get more affordable generic medications to consumers while ensuring that the life sciences industry retained the incentives needed for further innovation. Jay has been named the national “Legislator of the Year” by the Biotechnology Industry Organization (BIO) in recognition of his longstanding leadership.

A Hands-on Approach to Recruitment and Support for the Industry

Our state needs a hands-on approach to business recruitment, retention, and expansion opportunities. We also need a high-level policy position to work with the Governor and industry to achieve policy objectives.

- **Designate an existing economic development position as a life sciences policy sector lead, charged with working with the Governor and industry to ensure the state’s ongoing support for the industry and its workforce.**
- **Establish a “one-stop shop” for industry recruitment, to promote Washington’s healthy climate for industry development and assist industry leaders interested in locating in Washington with everything from inventory sourcing to site selection.**
- **Attract new businesses to Washington by personally leading recruiting efforts with life science businesses and urge them to locate in one of the world’s greatest life sciences industry clusters.**

Align Tax Incentives to Encourage Investment in Local Life Science Startups

Life science companies have huge potential to create many jobs, but are often cash-starved while in startup phase. They must raise capital and spend it on research and development. Such companies are in a race against time—they need to conduct research to validate their innovative ideas in order to grow.

¹²<http://www.ci.bothell.wa.us/Site/Content/Economic%20Development/Development%20Sites/IPZ/HealthLifeSciencesImpactReport.pdf>

¹³ <http://www.genengnews.com/insight-and-intelligence/new-biotech-clusters-in-the-u-s-are-scrambling-to-challenge-established-regions/77899526/>

If they run out of capital too soon, the company fails and its innovative ideas often dissolve without coming to fruition.

The B&O tax can unfortunately accelerate the death rate for some life science start-ups. Many companies spend large sums of cash on research and development for years without generating revenue. These companies are unable to take advantage of the R&D tax credit during these zero-revenue years.

To encourage job creation, enactment of the following tax incentives should occur, while preventing overlap and “double dipping,” Further, each of these tax incentives should be capped, finite, narrow in scope, and subject to review for job creation performance.

- **Provide a three-year B&O tax relief for start-up research-based companies with 50 or fewer employees.**
- **Allow pre-revenue research-based companies to, within limits, accrue and sell R&D tax credits.**

Facilitate Technology Commercialization Activities at our Research Institutions and Drive Investments into Local Companies

The vast majority of basic research in the United States exists in public research institutions, such as universities and national labs.¹⁴ As the largest public university recipient of federal research dollars,¹⁵ our public universities are one of our state’s greatest economic assets, having spun out such companies as Immunex, Sonosite, and Zymogenetics. These research institutions become engines of economic growth by spinning off job-creating companies formed around new inventions.

Our research institutions have made great strides in recent years to step up and improve commercialization efficacy. Finding ways to build upon these improvements can lead to long-term and sustained job creation in our state. We also must keep our promises to our R&D investments to grow promising technologies.

- **Enhance commercialization capabilities at our research institutions by giving them flexibility in taking equity positions in spinoff companies and using funds generated from patent and technology licensing to reinvest in other technologies. This may require a narrow constitutional amendment.**
- **Identify and remove additional regulatory, statutory, or cultural barriers to commercialization efforts and work with research institutions to remove them.**

Meet the Workforce Training Needs of the Life Sciences Industry

Meeting the workforce needs of our life science industries is both a challenge and an opportunity. It is an opportunity because it represents well-paying jobs for Washington’s workers and their families. It is a challenge because our current demand for engineers, technicians, and biologists outstrips our universities’ and community colleges’ ability to produce degrees.

¹⁴ <http://www.nsf.gov/statistics/nsb0803/nsb0803.pdf>

¹⁵ <http://www.washington.edu/discover/academics>

- **Prioritize STEM degree production at four-year colleges and universities, so restoration of funds to higher education, will increase graduates in crucial fields like computer science, engineering, biotechnology, and math.**
- **Connect P-12 students, industry leaders, and workers to introduce and inspire them into real world science and technology careers.**
- **Further develop relationships between emerging, job-creating industries and higher education—building partnerships in funding, curriculum, and post-graduate recruitment.**

Chapter 4: Aerospace

Aerospace touches 28 counties¹⁶ with over 600 businesses across the state. It employs around 84,000 workers.¹⁷ And it's the best the world has ever seen.¹⁸

The aerospace industry and Washington State have enjoyed a unique partnership over the last century, but we must make smart decisions to leverage this relationship today and move toward more investments to keep the aerospace industry at home.

In addition to traditional methods of industry recruitment such as tax incentives, competing states are making strategic investments in P-12 STEM education programs, and are integrating the aerospace industry into the curricula of their research universities—actions that threaten Washington State's skill advantage.

During this uncertain economic time, Washington's higher education system has suffered deeper cuts than other states', limiting our ability to produce the innovative, high quality engineering talent required to sustain Boeing and other aerospace firms.

Gathering input from aerospace engineers, manufacturers, educators, organized labor, and lawmakers, Jay has taken proven methods for securing the workforce needs of our industry and forged a new proactive vision for Washington. New partnerships and training support, and a new approach to recruitment and promotion of our aerospace industry will ensure a long future in airplane manufacturing throughout Washington, fueled by a homegrown, highly skilled workforce.

The aging incumbent aerospace workforce creates both a challenge and an opportunity for Washington State. Within the next decade, nearly half of all current aerospace workers will be eligible to retire. This creates a time sensitive window of opportunity to transfer the knowledge from those workers on factory floors and engineering cubicles to the next generation of aerospace workers. Maintaining our current competitive skilled workforce advantage will require growing the workforce-training pipeline. The payoff for these investments will be the growth of good aerospace manufacturing jobs for our citizens and our state.

Build the Foundation: STEM Education and Workforce Development

The future of Washington's aerospace economy is reliant upon our investment in fostering an educated, skilled workforce. The building blocks are in place: a strong industry presence and top-flight research institutions and technical colleges, give us the tools to cultivate the highest quality next generation of aerospace workers in Washington State. Jay Inslee is committed to building upon these assets to maintain and grow aerospace jobs.

- **Expand upon programs such as Launch Year to prepare high school students to meet the new demands of the 737 MAX workforces.**

¹⁶ http://www.washington-aerospace.com/Email-Blast/aug-09_west.html

¹⁷ <http://www.choosewashington.com/industries/aerospace/Pages/default.aspx>

¹⁸ <http://www.washington-aerospace.com/study/Washington%20State%20Aerospace%20Partnership%20Competitiveness%20Report%20FINAL.pdf>

- **Expose students early in Washington’s P-12 system to potential careers in aerospace manufacturing and provide access to the relevant career and technical training classes.**
- **Just as important to these students, the state must create a clearly articulated road map from high school diploma to college and/or apprenticeship credentials. Aerospace employers will benefit from a pipeline of highly skilled young people entering the field well into the future.**
- **Include aerospace experts in P-12 curriculum development and in our classrooms to expose young learners to job opportunities in our aerospace industry.**
- **Strengthen existing aerospace certification and apprenticeship programs, with an emphasis on serving new high school graduates and military veterans.**
- **Work to further develop relationships between the aerospace industry and higher education—building partnerships in curricula, post-graduate recruitment, and expanding aerospace-relevant research at the University of Washington & Washington State University.**
- **Meet employers’ needs by measuring the number of STEM graduates that find work in their field against employer demand. This will enable universities and the state to be more dynamic, adjusting programs and training when necessary. This will also provide new levels of accountability and oversight to higher education programs, ensuring that employers’ needs are met and that students receive and keep jobs in their fields. We will measure the number of STEM graduates that find work in their field against employer demand, allowing the state to dynamically adjust programs and training when necessary.**

An Aerospace-Friendly Washington Through Better Business Practices

While Boeing may be a traditional engine of the state’s economy, Washington cannot afford to take the industry for granted. Other states and countries are vying hard for aerospace business, with stiff competition from Airbus, as well as emerging aerospace manufacturers in Asia and South America. To continue to retain and attract aerospace jobs, Washington State must be creative and proactive in its approach to industry support.

- **Provide long-term stability and security to the manufacturing base by extending state tax credits for investments in manufacturing and research.**
- **Improve coordination with Washington State’s Congressional delegation to maintain funding and support for aerospace-relevant education, workforce development and training, and research.**

A Hands-on Approach to Recruitment and Support for the Industry

Our state needs a hands-on approach to business recruitment, retention, and expansion opportunities. We also need a high-level policy position to work with the Governor and industry to achieve policy objectives.

- **Designate an existing economic development position as an aerospace policy sector lead, charged with working with the Governor and industry to ensure the state’s ongoing support for the industry and its workforce.**
- **Establish a “one-stop shop” for industry recruitment, to promote Washington’s healthy climate for industry development and assist industry leaders interested in locating in Washington with everything from inventory sourcing to site selection.**

- **Bolster ties with our military installations, creating new partnerships, academic centers of excellence, and landing more defense contracts in Washington, built with Washington workers.**
- **Attract new business to the state by personally leading recruiting efforts with aerospace manufacturers and suppliers across the country and the globe, urging them to co-locate here in the greatest aerospace cluster in the world.**

Chapter 5: Military and Veteran Support

Spending \$12.2 billion in Washington State,¹⁹ the military is a significant driver of the economy, and produces great minds, hard workers, innovations, and manufacturing partnerships.

Still, despite having one of the top-ten largest military populations, our state ranks 23rd in landing military procurement projects.²⁰ We can do better than that.

The military sector represents a significant opportunity and natural resource that needs support and collaboration, just as our state has done with aerospace. Currently, there is tremendous synergy between our aerospace industry and the Department of Defense, with countless military veterans currently working at Boeing and other industries throughout our state.

Too often, the economic importance of our military bases and the skill level of our veterans go unrecognized. We must do everything we can to bolster our bases and keep them relevant to the U.S. Military's mission now and into the future, lest we lose an installation to a Base Realignment and Closure (BRAC) process.

Most importantly, our veterans returning home after overseas tours of duty face the prospect of looking for a new job during the worst economic recession and the highest unemployment in decades. Jay Inslee is committed to our returning heroes and recognizes that they are one of America's best resources for skilled labor. Connecting our veterans with the training opportunities and jobs they need and deserve after their military careers have ended will be a central focus, while building on the tremendous efforts of our State Department of Veterans Affairs.

Jay is committed to our service members, their families, and the hundreds of thousands of veterans and retirees that call Washington State home. He is ready to bring an unprecedented level of attention to the important issues and opportunities facing our military and leverage toward greater outcomes. Washington State not only needs to be the best place to retire from the military, we need to be the best place to work as well—and we must commit to having a strategic and robust defense sector economy. Washington State is the perfect place to merge a great workforce, second-to-none quality of life, and a commitment to excellence as a leader in the new economy. We are not only a gateway to the East, but also a gateway to the future.

Better Connect our Local Businesses with the Business of Defense

Whether it is the new P-8 replacements at Whidbey, a cyber-warfare facility at Joint Base Lewis McChord, or a National Guard UAV school at the Army's Yakima facility, our state needs a high-level expert to drive projects, facilities, and equipment to Washington State bases. The U.S. Corps of Engineers often use approved lists of contractors based in the South, leaving our local contractors shut out of Multiple Award Task Order Contract (MATOC) or Single Award Task Order Contract (SATOC) procurement systems. This process has not provided greater access to our local providers and our state needs to be strategic in seeking Department of Defense work.

¹⁹ <http://www.wedc.wa.gov/Download%20files/WADefenseEconomy-WhitePaperFinal.pdf>

²⁰ <http://www.wedc.wa.gov/Download%20files/WADefenseEconomy-WhitePaperFinal.pdf>

We must provide expert support to our contractors and workforce to ensure Washington workers have legitimate accessibility to successfully secure Department of Defense work. We have one of the most skilled workforces in the nation and we must utilize it to ensure we are no longer a state in the middle of the pack when it comes to securing important job creating contracts.

Without a guide and a strong voice in the procurement process, winning a Department of Defense contract is a daunting challenge for local businesses especially when the needed assistance is stretched too thin. We must close the procurement gap and land Department of Defense contracts with local contractors. States with active and aggressive military affairs offices have seen significant gains to their state's economies with focused attention on the defense industry.²¹

- **Create a military policy liaison and ambassador for Washington, answerable directly to the Governor. A key component of the liaison's mission will be to strengthen the relationship between military installations and host communities.**
- **Invest in our state's procurement technical assistance centers (PTACs). PTAC counselors assist Washington firms by creating road maps to successfully compete on federal, state, and local government contracts, including Department of Defense opportunities. This technical assistance results in more government contracts awarded to local firms.**

Create and Attract new Centers of Excellence in Burgeoning Military Technology

Co-locating suppliers, manufacturers, and the engineering workforce in Washington makes sense and ensures a long military presence in Washington. Just as we invest in the workforce and technological advances at our centers of excellence in aerospace and agriculture, we can build the same training partnerships with our bases. We know that Washington State is the second most requested final duty station in the nation,²² so we have an inherent advantage to keep these highly skilled service members as contributors to our state's economic future.

- **Secure a National Guard UAV (unmanned aerial vehicle) training school located at the Yakima Training Facility. The next generation of aerospace vehicles, and their workforce, should be located in Washington State. We have the workers and the expertise to build, maintain, and train this burgeoning field of national defense.**

Support for the Military's Energy Independence Movement

The technological innovations created by the military often drive breakthroughs in other sectors of our economy. This holds true for alternative energy technologies. Joint Base Lewis-McChord has its sights set on an initiative to generate zero waste and consume zero energy by 2020.²³ With the Army's Net-Zero program, the Navy's Green Fleet, and Air Force's exploration of biofuels driving an energy independence movement, there are many opportunities to ensure Washington businesses provide those alternative fuels and energy-generating equipment.

²¹ The Latest Trends in State-Level Military Affairs Offices, <http://www.defensecommunities.org>.

²² <http://community.seattletimes.nwsources.com/archive/?date=19940904&slug=1928742>.

²³ <http://www.army.mil/article/55370/joint-base-lewis-mcchord-wins--three-environmental-honors/>

- **Incentivize alternative energy producers and forge new partnerships and opportunities, connecting local producers, manufacturers, and contractors with military installations to fulfill our military’s mission and foster nation-leading technologies in Washington.**
- **Partner with the proposed WSU advanced biofuels center with the Department of Defense in a “Field to Flight” program, focused on research and development of locally grown fuels.**

Expand Opportunities and Support for our Returning Veterans

With more than 45,000 active military personnel, 65,000 military dependents, and over 640,000 veterans, direct or indirect connections to the military exist for almost every person in Washington.²⁴ There are over 44,000 employees at JBLM alone,²⁵ making the base the state’s third largest employer.²⁶

Many of our returning veterans come home only to face high unemployment rates and a difficult transition back to civilian life. Our current system throws up roadblocks to veterans looking to enter trades similar to their service in the military. The state needs to do better.

- **Expand the Helmets to Hardhats program, a successful model that helps veterans connect with the trades through apprenticeships. This program should be expanded and assisted by:**
 - Expanding veteran apprenticeship utilization on capital projects
 - Increasing access to mid-size projects around the state
 - Providing a revenue stream for outreach/liasing with vets and contractors
 - Providing a veteran’s ombudsman at each state community and technical college
- **Build upon the success of military family employment programs in the state and across the nation, by serving as a partner with those programs and working to provide one central online hub for all services available. We will be helping military family members find employment, as well as helping local employers tap into a well-qualified workforce pool.**

²⁴ <http://psrc.org/assets/5613/MilitaryStrategy.pdf>

²⁵ http://seattletimes.nwsourc.com/html/localnews/2014632121_scaparrotti30m.html

²⁶ http://www.army.mil/article/71905/Federal_grant_to_help_ease_JBLM_traffic_congestion/

Chapter 6: Clean Technology

Rising gasoline prices, dependence on fossil fuels, and climate change realities have driven world demand for clean energy technology. As this demand continues to grow, job creation will follow.

When it comes to clean energy, Washington State is one of the most innovative places on the planet.²⁷ According to the Washington State Employment Security Department, the state's clean technology economy employs around 61,775 people in our state.²⁸ During the down economy, Puget Sound's Prosperity Partnership estimates the sector will continue to outperform the economy as a whole.²⁹

Jay Inslee has worked for years to help build a clean energy industry in our state. He championed Washington's Energy Independence Act, which has changed our energy landscape while creating thousands of jobs and generating millions in tax revenue to fund rural schools and first responders.³⁰ To help create jobs across the state, he championed advanced sustainable bio-jet fuels by partnering with the Department of Defense and securing local funding. Jay also co-authored a book on clean energy job creation, *Apollo's Fire: Igniting America's Clean Energy Economy*.

Promote our Energy Independence

Energy is the lifeblood of our state's economy. Affordable electricity has helped industries grow across our state, and clean energy attracts new businesses today. Washingtonians spend over \$20 billion each year on energy,³¹ with a significant amount purchased from out of state.³² If we reduce that economic leakage, we can invest more dollars into job creating energy sources in Washington communities. Jay Inslee's proposals will build on the state's competitive advantage of affordable and clean energy to position Washington State for success in a national, low-pollution energy future. By leading the region and the country in clean energy initiatives, Washington will grow local jobs by exporting our technologies and expertise.

Lead the Country in Development and Production of Advanced Sustainable Biofuels

Of the \$20 billion that Washington State spends on energy, over \$15 billion per year goes to oil and gas companies for transportation fuels.³³ We can lessen that economic hit by seizing the opportunity to create jobs in Washington by growing, processing, refining, and deploying advanced biofuels at commercial scale.

This is an area where industry, environmental leaders, and communities have identified vast need and as much opportunity. It addresses a key strategic challenge for one of our state's greatest economic sectors, aerospace. Sustainable biofuels draw on the full range of our capabilities, from high-tech companies to workers in forestry and agriculture.

²⁷ http://www.brookings.edu/reports/2011/0713_clean_economy.aspx

²⁸ <https://fortress.wa.gov/esd/employmentdata/docs/occupational-reports/green-economy-jobs-report-2009.pdf>

²⁹ http://www.washingtoncelc.org/filestore/Navigant_CELC_Leadership%20Final%20Report_FINAL_Dec-9--2010.pdf

³⁰ <http://www.nwenergy.org/news/washingtons-clean-energy-future-at-risk/>

³¹ <http://www.commerce.wa.gov/site/526/default.aspx>

³² <http://www.commerce.wa.gov/DesktopModules/CTEDPublications/CTEDPublicationsView.aspx?tabID=0&ItemID=10206&MId=863&wversion=Staging>

³³ <http://www.commerce.wa.gov/DesktopModules/CTEDPublications/CTEDPublicationsView.aspx?tabID=0&ItemID=10206&MId=863&wversion=Staging>

Alaska Airlines, Boeing, the Port of Seattle, and the Spokane Airport are working with Washington State University and environmental leaders to facilitate the commercialization of locally produced fuels to power the aviation industry.³⁴ Local companies have already made drop-in bio-jet fuel to power U.S. military aircraft like the U.S. Navy's F/A-18 Super Hornet and Boeing jets.³⁵ Homegrown feedstock can be produced in all corners of the state and include agriculture based crops, wood wastes, solid wastes, and even algae.³⁶

We can build on this work and put Washington State on the map as an industry leader in advanced biofuels.

- **Create an Advanced Sustainable Biofuels Center of Excellence, led by Washington State University, to partner with private industry, local, state, and federal government. The Center will facilitate research, feedstock growth, sourcing, processing, and the deployment of commercial scale production.**

The Biofuels Center of Excellence can help create conditions for industry leadership in producing advanced renewable fuels, including production scale refinery by leading efforts to:

- **Coordinate, support, and accelerate proposals for research and technology development.**
- **Advocate for private, non-profit, and federal funds.**
- **Support production and pilot scale refineries to produce advanced renewable fuels at scale.**
- **Work with the Department of Defense and local bases in order to maximize opportunities around supplying sustainable fuels for aviation and local job creation.**

We can help to encourage “market pull” to increase local demand for biofuels and help create local jobs for farmers, haulers, and manufacturers.

- **Partner with the Department of Defense and WSU in a “Fields to Fuels” effort to help the department meet its biofuel goals while creating jobs from the farmer growing crops, to the trucker hauling it and the technician refining it into fuel.**
- **Provide a technology-neutral market mechanism to spur development of local and regional alternative transportation fuels, including advanced sustainable biofuels, electric vehicles, and natural gas.**
- **Identify and pursue opportunities to increase the use of advanced fuels in state and local operations.**

Update our Energy Independence Act and Help Electrify the Transportation Sector

The Clean Energy Independence Act, in conjunction with other policies, has already helped generate over \$7 billion in new, clean energy investment, providing thousands of jobs and helping rural

³⁴ <http://www.safnw.com/about-safn/>

³⁵ <http://www.businesswire.com/news/home/20091215005518/en/14-Airlines-Sign-Landmark-MOU-Camelina-based-Renewable>

³⁶ http://www.safnw.com/wp-content/uploads/2011/06/SAFN_2011Report.pdf

communities build stronger local economies.³⁷ Still, to make improve the industry and continue to create jobs for the entire state, we can do more.

We can aim higher and do better, at lower cost, if we provide local utilities more flexibility to be part of the solution that works best for their communities. We can also leverage our clean, low cost hydropower and wind resources to lead the country in the move toward vehicle electrification while decreasing the \$15 billion the Washington economy loses annually to pay for oil and gas imports.

- **Grow and diversify Washington’s clean energy commitment by accelerating the development of hydro efficiencies, safe and sustainable biomass, combined heat and power systems, and electrification of the transportation system. With increased flexibility, the Energy Independence Act can accomplish more and work better for all Washington citizens and utilities, including low-load growth utilities.**
- **Expand opportunities for communities to achieve clean energy goals while advancing critical local priorities such as clean air, reducing oil dependence, and local economic development.**
- **Build a clean energy economy to last in Washington by increasing long-term renewable energy goals and better aligning clean energy growth with utilities’ power requirements.**

Remove Barriers for Renewable Energy Projects

Renewable energy projects have created jobs in every corner of Washington State. Eastern Washington farmers benefit from increased land revenues from wind developments and port workers in Vancouver move hundreds of turbines per year. In other rural areas, anaerobic digesters convert animal waste into energy. Yet, barriers remain to create a more robust deployment and job creation. As Washington positions itself to lead in the clean energy sector, it is vital to develop clean energy facilities, like wind turbines, solar collectors, combined heat and power generators, district energy projects and next generation alternative energy systems.

- **Drive a stakeholder process to address high wind/high water events in a manner that does not require shutting down renewable power generation by considering the deployment of low-cost, innovative solutions such as virtual batteries, scheduled transmission improvements, and power swaps.**
- **Extend the period and increase the limits for Washington’s current production tax credit for renewable energy development.**

Foster the growth of Clean Energy/Technology Companies

Clean energy technology is a sector in which Washington State has an opportunity to flourish. Washington’s rich history in agriculture and natural resources, in conjunction with a legacy of innovation and leadership in information technology, job creation through promotion of the development of clean energy business places our state in an ideal position. According to the state’s Clean Energy Leadership Plan, with the right policies we could produce 25,000 direct clean energy jobs by 2020.³⁸

Align Tax Incentives to Encourage Investment in Clean Technology Startups

³⁷ <http://www.nwenergy.org/news/washingtons-clean-energy-future-at-risk/>

³⁸ http://www.washingtoncelc.org/filestore/CELC_Navigant%20Final%20Report_Final.pdf

Many clean technology start-up companies have the potential to create a large number of jobs if their technology gains traction in the marketplace. Not all will succeed—that is the price of innovation. Despite the challenge, it is in our state’s best interest to give these technologies a chance by taking steps to improve the tax environment at critical stages of development.

To encourage job creation enactment of the following tax incentives should occur while preventing overlap and “double dipping.” Further, each of these tax incentives should be capped, finite, narrow in scope, and subject to review for job creation performance.

- **Provide a short-term B&O tax relief for start-up research-based companies with 50 or fewer employees.**
- **Allow pre-revenue research-based companies to, within limits, accrue and sell R&D tax credits.**
- **Establish a job creation tax credit, giving a B&O tax credit for small businesses adding workers to their payroll. Credit should increase with the wages paid, and top out at \$4,000 for every job created, with the program capped at \$8 million.**

Facilitate Technology Commercialization Activities at our Research Institutions and Drive Investment into Local Companies

The vast majority of basic research in the United States exists in public research institutions, such as universities and national labs.³⁹ As our country’s largest public university recipient of federal research dollars⁴⁰, the University of Washington is one of our state’s greatest economic assets, having spun out such companies as Energy2 and Immunex. These research institutions become engines of economic growth by spinning off job-creating companies formed around new inventions.

Our research institutions have made great strides in recent years to step up and improve commercialization efficacy. Finding ways to build upon these improvements can lead to long-term and sustained job creation in our state. We also must keep our promises to our R&D investments to grow promising technologies.

Clean energy technology companies face significant financing hurdles to overcome research and development expenses and significant scale up costs. Alignment of state policies must occur to help overcome these challenges, not hinder them.

- **Give investor-owned utilities more flexibility to invest in the demonstration and deployment of clean energy technologies while including durable ratepayer protections.**
- **Enhance commercialization capabilities at our research institutions by giving them flexibility to take equity positions in their spinoff companies and to use funds generated from patent and technology licensing to reinvest in other technologies. This may require a narrow constitutional amendment.**
- **Identify and remove additional regulatory, statutory, or cultural barriers to commercialization efforts and work with research institutions to remove them.**

³⁹ <http://www.nsf.gov/statistics/nsb0803/nsb0803.pdf>

⁴⁰ <http://www.choosewashington.com/industries/sciences/Pages/default.aspx>

Job Creation Through Home and Building Efficiencies

Washington State residents spend over \$5 billion each year to heat, cool and light our homes and workplaces. According to the 2009 McKinsey Report, an average of 30% of this energy is due to inefficiencies.⁴¹ This results in the waste of millions of dollars of potential job-creating capital. Jay Inslee's proposals will get Washington working by reinvesting these wasted resources into building an energy efficient industry while saving consumers money. Energy efficiency is the most cost-effective resource to power our economy and it becomes even more attractive as we look at the air pollution and environmental consequences of many other energy sources. The energy efficiency industry already employs almost 25,000 workers in the state,⁴² but our policy is lagging behind other regions in its commitment to creating efficient buildings.

Align Utility and Customer Interests in Energy Efficiency

Currently, Washington regulations for investor-owned utilities create a disincentive for them to fully invest in energy efficiency programs for all their customers. We can unlock these investments by:

- **Update UTC policies and ratemaking approaches to better align utility business interests with those of their customers. Such changes will enhance energy efficiency services for the customers of the state's five investor-owned electric and natural gas utilities and ensure consumer and industrial customer protections.**

Attract and Leverage Public and Private-Sector Capital

Too often stymied are energy efficient retrofits due to upfront cost of efficiency measures, even though cost-effective over certain periods. This condition provides an opportunity to attract third-party funders to provide financing options to property owners. Public policies can reduce the risk of these investors by providing reliable repayment mechanisms and by enhancing the credit of energy efficient loan pools.

- **Allow homeowners and building owners the option of paying for energy efficient upgrades over time on utility bills by requiring regulated energy utilities to provide meter-based financing options for customers.**
- **Allow commercial building owners the option of paying for energy efficient upgrades over time on their property bills by creating a Property Assessed Clean Energy (PACE) program.⁴³**
- **Establish a bonding program that uses existing revenue streams to invest in state infrastructure and efficiency investments that can spur job creation now and realize environmental benefits sooner. The bonding level cannot be at a level that jeopardizes the state's credit rating.**

Adopt a Hands-on Approach to Recruitment and Support for the Industry

Our state needs a hands-on approach to business recruitment, retention, and expansion opportunities. We also need industry sector experts to work directly with the Governor and key industry sectors to achieve policy objectives.

⁴¹http://www.mckinsey.com/Client_Service/Electric_Power_and_Natural_Gas/Latest_thinking/Unlocking_energy_efficiency_in_the_US_economy

⁴² http://www.energy.wsu.edu/Documents/Energy_Efficiency_Workforce_Study.pdf

⁴³ A Commercial PACE program will provide county auditors with a mechanism to collect payments on property tax bills as a fee service.

- **Designate an existing economic development position as a clean technology policy sector lead, charged with working with the Governor and industry to ensure the state’s ongoing support for the industry and its workforce.**
- **Establish a “one-stop shop” for industry recruitment, to promote Washington’s healthy climate for industry development and assist industry leaders interested in locating in Washington with everything from inventory sourcing to site selection.**
- **Attract new businesses to the state by personally leading recruiting efforts with clean energy businesses across the country and the globe, urging them to co-locate here in one of the greatest life science industry clusters in the world.**

Chapter 7: Agriculture

At 160,000 workers⁴⁴ strong, agriculture is Washington's biggest employer. The \$40 billion industry⁴⁵ is the second most diverse agriculturally,⁴⁶ growing everything from potatoes to peppermint, to raspberries, hops, wheat, and apples. Nearly \$13 billion in exports of agricultural products went through Washington ports in 2010.⁴⁷

Despite the industry's success, however, our farmers and growers are facing difficult challenges ranging from water to workforce and from pests to ports.

We need a Governor who understands both sides of the state, and how this industry drives the economy of many cities and towns outside the shadow of the Space Needle.

As a State Representative and Congressman from Yakima Valley, Jay Inslee worked closely with this industry to expand markets and secure more water for irrigated agriculture. Jay worked with the Clinton Administration to get U.S. apples into the Japanese markets and helped pass into law the Yakima River Basin Enhancement Act to balance water supplies for growers with increased in-stream flows for salmon.

We need an advocate for this industry in the Governor's Office to promote our products throughout the world, and help our industry deliver goods to more markets more quickly, cheaply, and effectively.

Address the Water Needs for Washington's Growers

For years, the Yakima, Columbia, and Walla Walla basins have suffered from a scarcity of their most precious resource: water. In drought years, the problem is exacerbated, with growers locked in a perennial battle over water rights and riverbeds unable to support wild fish runs.

Development of these long-term projects will address the water resource and ecosystem problems affecting our agricultural, municipal and domestic water supplies, and fish stocks. Without progress on the water supply, huge swaths of once-productive land will wither and farms will go bankrupt. We must forge a path ahead on these projects, and work with all parties involved to find solutions and shared funding sources from the state, municipal, and federal level.

- **Work with local, state, and federal partners to find funding solutions and move forward on the Yakima River Basin Water Enhancement Project for the survivability of our natural fish stocks, our agricultural lands, and those who live and work in the region.**
- **Work with local, state, and federal partners to find funding solutions and move forward on the Columbia-Odesa Subarea Aquifer Project, to supply the agriculture industry with the water it needs.**

⁴⁴ <http://agr.wa.gov/AgInWa>

⁴⁵ <http://agr.wa.gov/AgInWa>

⁴⁶ <http://foundation.wsu.edu/campaign/bigideas/index.html>

⁴⁷ <http://agr.wa.gov/AgInWa>

- **Build on the progress made on the Walla Walla Basin to find full funding for a needed pump exchange project that will replenish dry riverbeds and sustain our state’s wine grape growers in the region.**

Help Meet our Growers’ Workforce Needs

When it comes to harvest season, there is no time to waste. That is why providing a solid, stable agriculture workforce is key to our growers’ success. The agriculture business in Washington can be very volatile. The weather can be unpredictable, and the window for picking can close suddenly cutting the season short.

A stable and skilled workforce is crucial to the success of this industry.

- **Reestablish the Farmworker Housing Infrastructure Loan Program, funded in the Capital Budget to provide farmers with low and no-interest loans to construct housing for seasonal and migrant workers. Loans must be used for on-site infrastructure improvements or new construction to provide quality housing for farmworkers. Housing operation must be on a not-for-profit basis, with rent and fees not to exceed operating expenses.**
- **Provide more recruitment opportunities, outreach, and assistance to farmers navigating employment opportunities, guest-worker programs, and state regulations, through the state’s agricultural services program and regional Worksource centers.**
- **Expand the successful Small Farm Internship Program to the entire state, allowing opportunities for education and training to young farmers, and the farm assistance needed on today’s farms.**

Make Washington the Nation’s Leader in Quality Grapes and Wines

Although California’s wine industry may be larger by volume, Washington’s wine industry is set to become the preeminent source of the nation’s highest quality and value wines. Our industry has gone from nearly non-existent only a few short decades ago to growing over 400% over the past twelve years.⁴⁸ We now boast over 700 wineries and more than 40,000 acres of grapes planted statewide. The Washington wine industry is a \$3+ billion industry annually, the second largest in the country.⁴⁹ The only way to sustain that kind of growth and continue our success is having a Governor who will partner with the industry. We must help market our homegrown wines across the globe, and provide the technical and academic resources needed to ensure Washington wines take their rightful place next to the world’s greatest.

- **Reestablish a partnership with existing organizations to promote tourism in our state. Working with our local grape growers and wineries, our state will be poised to benefit greatly from wine country tourism.**
- **Usher in a renaissance in Washington wines through new science and research with full support for the WSU Wine Science Center, which will one day house a state-of-the-art research and teaching facility through the state’s Viticulture and Oenology program.**

⁴⁸ http://www.wawgg.org/index.php?page_id=103

⁴⁹ <http://washingtonwine.org/wine-101/state-facts/>

- **Modernize Liquor Control Board regulations, emphasizing flexibility and a customer-focused approach while maintaining public safety standards. Following the Post-Prohibition era, many current regulations were established and fail to reflect current needs of the wine industry, and limit our state’s wineries’ ability to promote their product.**

Support our Growers in the Military’s Energy Independence Movement

The technological innovations created by the military often drive innovation in other sectors of our economy. This stands true for alternative energy technologies and biofuels in particular. Coupled with efforts in the private sector, led by such companies as Boeing and Alaska Airlines, we are primed to lead and grow new agriculture jobs by growing biofuel crops. Joint Base Lewis-McChord has its sights set on an initiative to generate zero waste, water, and consume zero-energy by 2020.⁵⁰ Through the Army’s Net-Zero program, the Navy’s Green Fleet, and the Air Force’s exploration of biofuels driving an energy independence movement, there are many opportunities to secure Washington businesses as the provider of those alternative fuels and energy-generating equipment.

- **Create an Advanced Sustainable Biofuels Center of Excellence, led by Washington State University, to partner with private industry, local, state, and federal government. The Center should facilitate industry progress on all aspects of sustainable biofuels development; including research, feedstock growth, sourcing, processing, and the deployment of commercial scale production.**
- **Partner with the Department of Defense and WSU in a “Field to Flight” effort to help the department meet its biofuels goals while creating jobs from the farmer growing crops, to the trucker hauling it, and the technician refining it into fuel.**
- **Partner with Department of Defense to help the department achieve its renewable fuel goals while growing jobs across the state.**

⁵⁰ <http://www.army.mil/article/55370/joint-base-lewis-mcchord-wins--three-environmental-honors/>

Chapter 8: Information Technology

Washington State is home to an active, broad information technology cluster. In addition to anchors such as Microsoft, Valve, and Amazon, Washington is a leading innovator in energy efficiency and cloud computing. Washington's information and communication technology workforce is nearly 120,000 strong,⁵¹ which places it at the forefront of the country in this respect.

Major out-of-state and overseas businesses are attracted to the state's highly skilled IT workforce. In addition to software development, Washington's IT industry is a vanguard in interactive media, telecommunication, and e-commerce. More than a third of the nation's \$10 billion game development and publishing activity is generated in the greater Seattle area.⁵²

Jay Inslee has been a long-time champion of Washington State's high tech industry and has been the go-to leader for Washington's information technology industry. Jay has fought to save Internet radio, to protect intellectual property rights and to combat software piracy. He has also helped local industry grow in other ways, including helping to secure funding for the Washington Interactive Media Accelerator to help grow that industry cluster.

It is critical to have a Governor who understands this industry and its needs, and who is willing to enact policies that help maintain our edge in generating middle class IT jobs.

Improve P-12, Higher Education, and Workforce Training Systems to Provide our Youth with Opportunity and to Meet Employer Needs

It is impossible to overstate the integral role that education plays in short and long-term job creation. In the coming weeks, Jay will be proposing a more comprehensive and specific plan to reform and improve our state's education system to meet our state's future workforce needs. For the purposes of this document, it is important to note that a well-educated and highly trained workforce facilitates company growth in industries across the board. As importantly, a high-quality public education system is essential to preparing our youth for tomorrow's jobs, and is a leading factor in our ability to attract and retain new businesses and educated, entrepreneurial talent to contribute to our state economy. Nobody wants to move across the country to put their children in sub-par schools.

Washington State ranks among the top 10 states for technology workforce, but has failed to provide the educational opportunities our citizens need to participate in their own state's economy. We rank 42nd in per-capita spending in education.⁵³ Fewer than half of our eighth grade students are proficient in math⁵⁴ and science.⁵⁵ In the 2010-2011 school year, only 76% of our students graduated high school on time.⁵⁶ We rank 37th in Bachelor's degree production per capita,⁵⁷ and we are the biggest importer of individuals with Bachelor's degrees or higher on a per-capita basis.⁵⁸ In short, we are underfunding our schools, our

⁵¹ <http://www.choosewashington.com/industries/tech/Pages/default.aspx>

⁵² <http://www.choosewashington.com/industries/tech/Pages/default.aspx>

⁵³ <http://www.k12.wa.us/Communications/PressReleases2012/StatementQualityCountsReport.aspx>

⁵⁴ <http://nces.ed.gov/nationsreportcard/pdf/main2011/2012458.pdf>

⁵⁵ <http://nces.ed.gov/nationsreportcard/pdf/main2009/2011451.pdf>

⁵⁶ <http://reportcard.ospi.k12.wa.us/summary.aspx?year=2010-11>

⁵⁷ http://seattletimes.nwsourc.com/html/localnews/2011764312_bellevuecollege03m.html

⁵⁸ <http://lazowska.cs.washington.edu/STEM.pdf>

schools are underperforming for our children, and our four-year colleges and universities have insufficient support to meet the needs of students and employers.

In order to compete in the 21st Century, we must offer Washington's students a strong foundation at the P-12 level, and our commitment to developing a highly skilled, competitive workforce cannot end after graduation. In providing a solid background in P-12 Science, Technology, Engineering, and Mathematics (STEM) education, we prepare our kids to excel in burgeoning fields with rapidly expanding workforces—fields like Information Technology, Clean Energy, and the Life Science—and empower them to build and grow the next generation of companies and industries that will fuel economic growth and prosperity in our state. We must follow a strong P-12 foundation with apprenticeships and technical education directed toward producing an excellent next-generation workforce, and with dramatically increased Bachelor's capacity in key fields.

- **Prioritize STEM degree production at our four-year colleges and universities, so as we restore our state's commitment to higher education, we expand student access to crucial fields like computer science, engineering, and biotechnology.**
- **Connect P-12 students and industry leaders and workers to introduce and inspire them into real world science and technology careers.**
- **Further develop relationships between emerging, job-creating industries and higher education – building partnerships in curricula and post-graduate recruitment.**

Piracy and State Procurement

Theft of information technology is an epidemic, and is costing Washington State jobs. In some countries, over 80 percent of all packaged software is stolen.⁵⁹ Reducing global software piracy would create almost a half a million jobs,⁶⁰ thousands right here in Washington. As a society, we have a very low tolerance for people and businesses that use stolen physical property, such as cars, desks, and computers. Yet, when it comes to software and other digital products and services, tolerance of theft is unacceptably high. Washington State has taken a first and very important step to change this unfortunate reality by creating a private right of action against piracy, but more can be done.

- **Incorporate into the state's procurement process assurances that manufactures have adopted best practices to minimize piracy in their supply chains.**

Facilitate Technology Commercialization Activities at our Research Institutions and Drive Investments into Local Companies

The vast majority of basic research in the United States exists in public research institutions, such as universities and national labs,⁶¹ including the University of Washington and Washington State University that are world leaders in research. These research institutions become engines of economic growth by spinning off job creating companies formed around new inventions.

⁵⁹ <http://portal.bsa.org/globalpiracy2010/>

⁶⁰ <http://portal.bsa.org/globalpiracy2010/index.html>

⁶¹ <http://www.nsf.gov/statistics/nsb0803/nsb0803.pdf>

Our research institutions have made great strides in recent years to step up and improve commercialization efficacy. Finding ways to build upon these improvements can lead to long-term and sustained job creation in our state. We also must keep our promises to our R&D investments to grow promising technologies.

- **Enhance commercialization capabilities at our research institutions by giving them more flexibility in taking equity position in spinoff companies and using funds generated from patent and technology licensing to reinvest in other technologies.**
- **Identify and remove additional regulatory, statutory, or cultural barriers to commercialization efforts and work with research institutions to remove them.**

Align Tax Incentives to Encourage Investment in Local IT Startups

For many IT startup companies, it can take a long time before businesses become profitable. In the interim, companies invest heavily in product development, and marketing and distribution. While these companies have high job-growth potential, they can easily run out of funding and end up failing before having the chance to reach their potential. As a tax on gross revenue and not profits, the B&O tax can be a contributor to some companies prematurely running out of funding.

To encourage job creation enactment of the following tax incentives should occur while preventing overlap and “double dipping.” Further, each tax incentive should be capped, finite in time, narrow in scope, and subject to review for job creation performance.

- **Provide a short-term B&O tax exemption for research-based companies’ start-up with 50 or fewer employees.**
- **Allow pre-revenue research-based companies to, within limits, accrue and sell R&D tax credits.**

Adopt a Hands-on Approach to Recruitment and Support for the Industry

Our state needs a hands-on approach to business recruitment, retention, and expansion opportunities. We also need industry sector experts to work directly with the Governor and key industry sectors to achieve policy objectives.

- **Designate an existing economic development position as an information technology policy sector lead, charged with working with the Governor and industry to ensure the state’s ongoing support for the industry and its workforce.**
- **Establish a “one-stop shop” for industry recruitment, to promote Washington’s healthy climate for industry development and assist industry leaders interested in locating in Washington with everything from inventory sourcing to site selection.**
- **Attract new businesses to the state by personally leading recruiting efforts with information technology businesses across the country and the globe, and urge them to co-locate here in the one of the greatest industry clusters in the world.**

Chapter 9: Maritime

Washington State has a long and proud tradition as a global leader in maritime trade, manufacturing, and other related industries. We are a hub for commercial fishing, seafood processing, passenger transportation, ship and boat building, and marine support industries, as well as deep and shallow draft water transportation.⁶² From our inland ports of Clarkston and Tri-Cities to the seaports of Grays Harbor and the Puget Sound, the maritime industry is a foundation for many industries in Washington, and will continue to play a critical role as globalization expands and Asian economies rise.⁶³ Despite the formative role this industry has played in our state and the critical function it is certain to play in our future, leaders too often fail to recognize and acknowledge its significance.

Jay Inslee knows the importance of the maritime sector to our state's future and has diligently advocated for policies to protect and expand this sector of our economy, working with Republicans and Democrats alike. Jay has worked with the maritime industry to rationalize fisheries; secure funding for ferry construction; promote fair and free trade agreements for our stevedoring and commerce industries; expand shipping opportunities through deep dredging at our inland ports and waterways such as the Columbia River Channel Improvement project at the Port of Vancouver; support for the Jones Act; and support of our local naval installations.

We are at a crossroads of opportunity in our maritime industry. Our distant-water commercial fishing fleets are ripe for recapitalization and rebuilding, which could translate into billions of dollars in potential economic activity. Asian economies lead the world in growth, and therefore present a number of strategic and economic opportunities. Meanwhile, international competition with Canadian ports in particular, will continue to be fierce, and additional competition will arise with the widening of the Panama Canal. Even our strategic location and historic role as the gateway to Alaska cannot be taken for granted.

While we enjoy several natural advantages—such as being one sailing day closer to Asia than California ports, fresh water accessibility from saltwater ports,⁶⁴ and the presence of the Puget Sound and 157 miles of coastal area⁶⁵—we cannot afford to take the maritime industry for granted. Jay's policies will ensure that we are able to utilize one of our state's best assets: our maritime industry.

Facilitate Industry Innovation and Encourage Local Maritime Vessel Construction

We are on the verge of a shipbuilding renaissance as new Federal commercial fish management policies have allowed an aging fleet to be replaced⁶⁶ with newer, purpose-built vessels that are safer and more

⁶² <http://wcit.org/wp-content/uploads/2011/08/WA-State2.pdf>

⁶³ <http://www.governor.wa.gov/news/news-view.asp?pressRelease=1858&newsType=1>

⁶⁴ <http://media.seattletradealliance.com/Industry/maritime.pdf>

⁶⁵ <http://www.choosewashington.com/industries/marine/Pages/default.aspx>

⁶⁶ <http://digitalcommons.law.seattleu.edu/cgi/viewcontent.cgi?article=1766&context=sulr&sei-redir=1&referer=http%3A%2F%2Fwww.google.com%2Furl%3Fsa%3Dt%26rct%3Dj%26q%3Djay%2520inslee%25202001%2520rationalize%2520fisheries%26source%3Dweb%26cd%3D6%26ved%3DOCDYQFjAF%26url%3Dhttp%253A%252F%252Fdigitalcommons.law.seattleu.edu%252Fcgi%252Fviewcontent.cgi%253>

efficient. It is not, however, a foregone conclusion that these large boats will be built in our state as we face intense shipyard competition from other parts of the country. As our industry moves to construct modern, high efficiency vessels, often with expanded processing capacity, we must encourage new construction to occur in Washington State shipyards. Our shipyards also need regulatory certainty, clarity, and timely decisions in order to run efficient operations and create more family wage jobs.

- **Designate an existing economic development position as a maritime policy sector lead, charged with working with the Governor and industry to ensure the state’s ongoing support for the industry and its workforce.**
- **Establish a Washington Center for Marine Innovation modeled on the FAA’s Center of Excellence for the aerospace industry at the University of Washington to promote industry advances such as improved vessel efficiency and gear improvements.**
- **Support alternative energy usage in the industry by facilitating partnerships between Washington State University, the U.S. Navy, and private industry, to bring new and cheaper fuels like biodiesel to market.**
- **Encourage efforts to increase the use of alternative fuels such as biofuels as well as hybrid electric propulsion in the maritime industry.**
- **Work to explore transitioning Washington State Ferries to liquefied natural gas in order to reduce negative environmental impacts and cost to the state.**
- **Through appointments to the Pacific and North Pacific Fishery Management Councils, help assure stability in the rationalized fisheries to allow for investment in new vessel construction.**

Improve Workforce Training Opportunities

The maritime industry offers careers in fields like engineering, welding, hydraulics, maritime maintenance, electrical, and refrigeration. As we focus on the workforce needs of other engineering sectors, such as aerospace, we must also be sure to meet our maritime workforce needs. We can do a better job meeting the needs of multiple industries while giving workers more career options— identifying opportunities for co-training where maritime and aerospace skills overlap. We can also partner with our military installations to build on existing programs where members of the military develop hands-on engineering learning opportunities in partnership with local schools.

- **Create the foundation for a skilled maritime workforce by encouraging science, technology, engineering, and math (STEM) education as early as the elementary grades, building on models such as the West Hills STEM Academy in Bremerton.**
- **Provide opportunities for specialized maritime career and technical education (CTE) training in high schools, skill centers, and continuing vocational education for adults.**
- **Establish mentoring and internship opportunities to link students with real-world job experience in the marine trades.**
- **Support our state’s extensive community college and university efforts, such as Seattle Central Community College’s Seattle Maritime Academy and the University of Washington’s School of Marine and Environmental Affairs, to grow and further utilize these efforts to strengthen the industry.**

- **Work with Washington’s military installations to encourage successful collaboration that fosters hands-on engineering skills in schools, building on models such as the partnership between North Kitsap School District, the Naval Undersea Warfare Center at Keyport and the Puget Sound Naval Shipyard.**

Support Washington’s Commercial Fishing Industry

Washington’s commercial fishing industry plays an important, yet often unheralded, role in our state’s economy. Nearly \$4 billion a year is added to personal incomes in an industry that employs boat builders, gear manufacturers, electricians, welders, processors, and fishermen.⁶⁷ They work in some of the most sustainably managed fisheries on the planet, providing affordable protein for people throughout the world. Washington State must recognize the importance of the commercial fishing industry, and work with it to sustain its future prosperity.

- **Sustain our local and distant-water fleet fishing industry by providing support to the Washington State representatives on the Pacific and North Pacific Management Councils and their respective scientific and statistical committees, as well as international fishing regulatory bodies.**
- **Assist in identifying and expanding in new international markets for our commercial fishing industry products by bringing together the commercial fishing industry and international market representatives.**
- **Achieve better coordination and collaboration with the Alaskan government, its ports, and industry to increase our presence in international markets.**

Improve Infrastructure and Freight Mobility, and Protect our Working Waterfronts

If we are to sustain and expand our trade-dependent industries, we must maintain a seamless freight-mobility infrastructure, from our roads to our piers. Freight mobility and other maritime needs should be incorporated into our state’s infrastructure decision-making process and we also must protect our working waterfronts to maintain a vibrant maritime industry cluster.

- **Support the maintenance of our inland ports and waterways.**
- **Protect Washington’s maritime industrial cores and working waterfronts.**
- **Plan upgrades and development of our state’s transportation systems in a manner that improves freight mobility and minimizes costs and delays to freight transportation while prioritizing freight access in and around the ports.**
- **Recognize the benefit of waterway cargo and transit systems as energy efficient and sustainable alternatives to overland road and rail.**
- **Ensure the maritime industry has a seat at the table when transportation infrastructure planning and development decision issues arise.**
- **Establish streamlined permitting in marine redevelopment and restoration areas for projects that create jobs, increase economic activity, and provide a net ecological benefit. Collaborate with local governments, state agencies, tribal governments, and stakeholder groups to build buy-in and reduce roadblocks.**

⁶⁷ <http://www.fishermensnews.com/attachmentsPDF/RadtkeReport.pdf>

Meet our Passenger Vessel Industry Needs

Our passenger vessel construction and maintenance industries are an important component of our state's maritime cluster. We must keep the state moving forward by maintaining and upgrading our ferry fleet and bolstering local tourism activity in a maritime sector that delivers hundreds of millions of dollars into our economy annually.

- **Maintain our state's public ferry fleets, including those operated by the state and various counties, to meet Washington's transit needs.**
- **Reestablish a public/private partnership with the Washington State Tourism Board.**
- **Ensure the continued success of whale watching vessels that maintain the safety of marine life and enable both tourists and residents to appreciate our unique natural surroundings.**

Support our Military Installations and Better Connect them with Local Businesses

Our naval installations, including Naval Base Kitsap and Naval Station Everett, represent an important sector of our maritime industry. As our military shifts focus to Asian Pacific countries that are expanding economically and militarily,⁶⁸ Washington State's strategic location is becoming increasingly important. This does not automatically protect our installations from closure, however. We must work collectively with our installations to help achieve their missions, while also encouraging the Department of Defense to contract with the local maritime industry to help protect them from closures in future BRAC rounds.

- **Invest in our regional Procurement Technical Assistance Centers (PTACs). PTACs are akin to the economic development councils of the private sector, providing technical assistance and expertise to businesses pursuing Department of Defense contracting work.**
- **Motivate alternative energy producers and forge new partnerships and opportunities, connecting local producers, manufacturers, and contractors with our military installations in order to fulfill the military's mission and foster the growth of nation-leading technologies here in Washington.**
- **Work with the state's Navy installations to help them achieve their missions, serve our armed forces personnel, and insulate the region from Base Realignment and Closure targeting.**
- **Identify opportunities to collaborate with private industry, the Department of Defense, the Coast Guard, and other security agencies on the building and maintaining of small and medium sized security vessels.**

⁶⁸ http://shipbuilding.wittman.house.gov/index.php?option=com_content&task=view&id=40&Itemid=35