Washington Business Competitiveness Study: Final Presentation



Available online:

Executive Summary
Full Report
Appendices

- Outreach detail
- Swot individual industry cut sheets
- Top theme detail cut sheets
- Peer state metrics

Acknowledgments

In 2021, the Washington State Legislature commissioned a comprehensive business competitiveness analysis of the state's economy by the Legislative Committee on Economic Development and International Relations (LCEDIR), to be administered by the Office of the Lieutenant Governor. This report is the result of that effort produced through a collaborative process involving numerous contributors.

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We would like to acknowledge the substantial contributions and guidance that the Lieutenant Governor's office provided throughout this process.

Lieutenant Governor **Denny Heck**

David Bremer, Director of Policy and International Relations

Phil Gardner, Chief of Staff

RCW 43.15.070: "The Legislative Committee on Economic Development and International Relations is authorized to...assist the legislature in developing a comprehensive and consistent economic development policy."

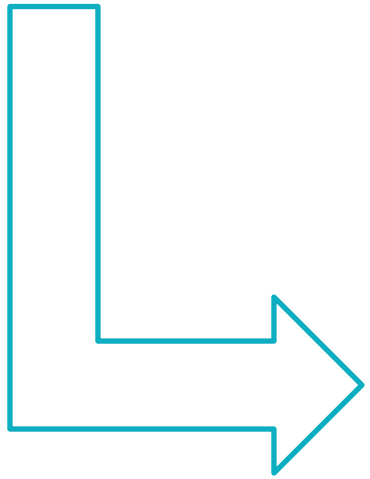


We would also like to thank the LCEDIR committee members for their insights and contributions:

- Representative **Liz Berry**
- Senator **Sharon Brown**
- Representative **Keith Goehner**
- Senator **Bob Hasegawa**
- Senator **Curtis King**
- Representative **Debra Lekanoff**
- Senator **Ann Rivers**
- Senator **Christine Rolfes**
- Representative **Amy Walen**
- Senator **Lisa Wellman**
- Representative **J.T. Wilcox**
- Representative **Alex Ybarra**

Engaged a diverse set of groups and stakeholders for insights

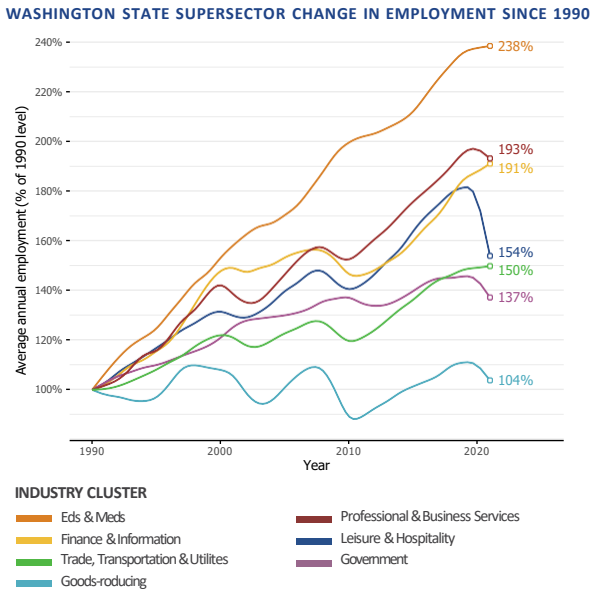
- Contact with 16 organizations.
- 25 stakeholder interviews.
- 10 focus groups.

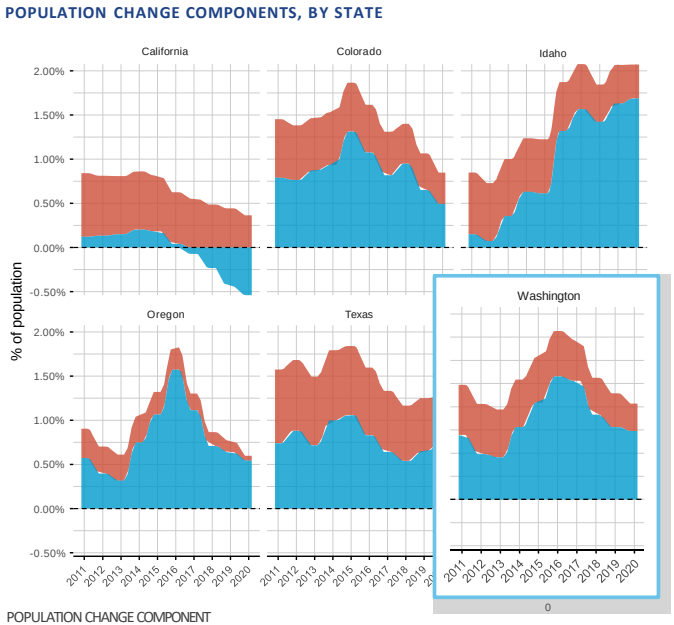


- Washington State Commission of Asian Pacific American Affairs
- Washington State Women's Commission (WSWC)
- WSWC Stakeholders
- Quinault Prosperity, Health, and Human Services Subcommittee
- Latino Education and Training Institute (LETI)
- Washington State Labor Council (WSLC)
- Seattle Metropolitan Chamber of Commerce REACH

State of the State: Washington has transitioned its economy into a knowledge and tech leader

- Strong growth limited by an aging workforce and skills gap, decade in the making
- Household incomes have gained compared to the U.S. average across the income distribution, but inequality has widened
- Housing production hasn't kept pace with population or job growth, triggering persistent affordability and homelessness crises
- Businesses are struggling to compete for labor and access to resources in a changing economy





SWOT Results: Laying the groundwork for future economic development strategies



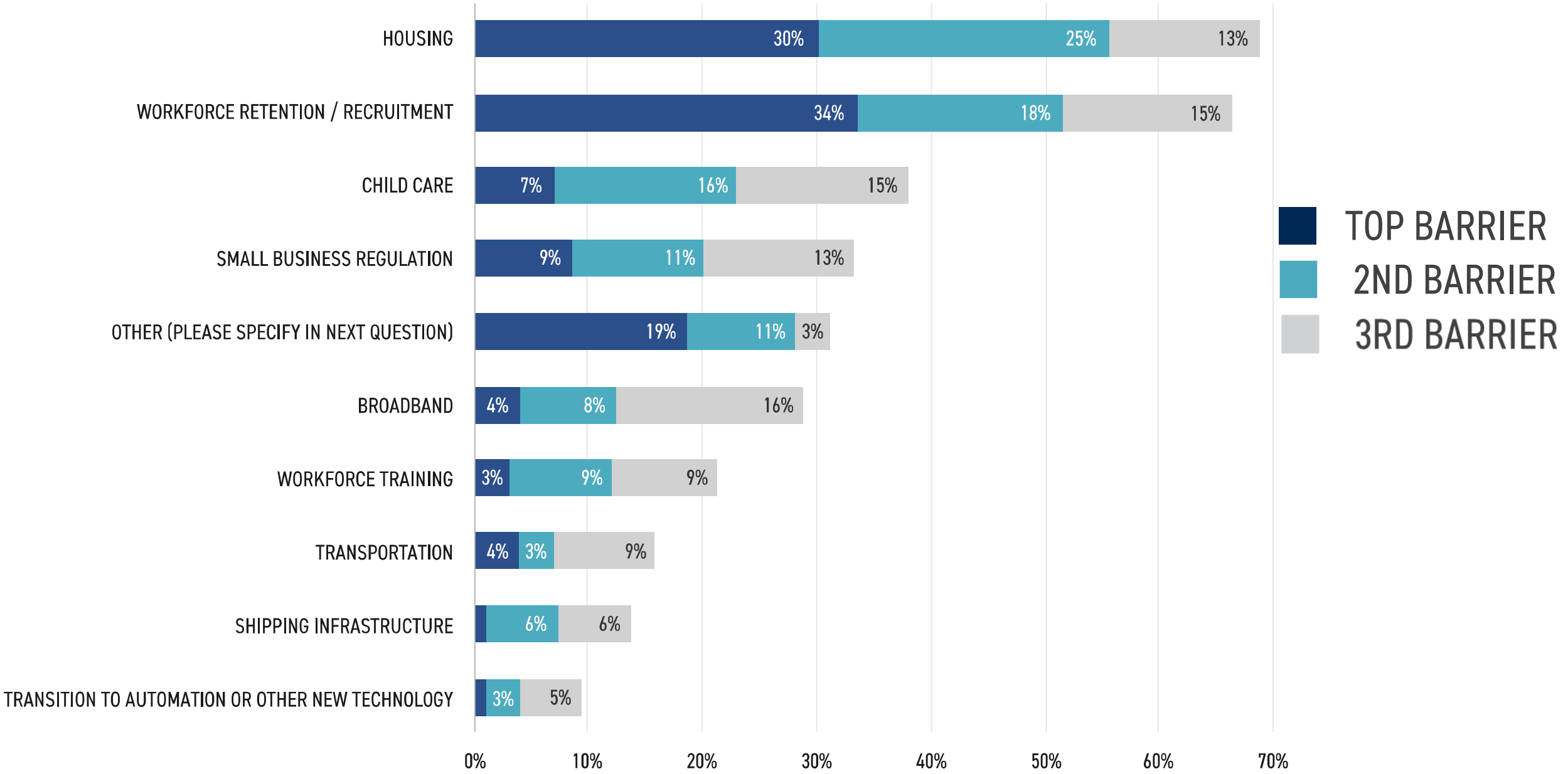
Strengths that have made WA a leader in business growth for decades

- Talent attraction with consistent in-migration.
- Strong Information and Communication Technology (ICT) presence and skilled tech labor.
- Established, high performing network of public, private and training institutions.
- Robust infrastructure and transportation system (including ports).
- Low energy costs, clean energy, natural assets, and amenities.

Challenges that threaten WA's position as an economic leader

- Skilled labor shortages.
- Access to housing that is affordable to all workers.
- Childcare affordability and supply limitations.
- The impacts of climate change.
- Stable funding sources to support future infrastructure projects, including maintaining and preserving current assets.
- Access to capital for high-growth potential business.
- Complex and costly business and development regulatory frameworks.

Survey participants consistently identified 4 top priorities



Outreach summary findings



Infrastructure gaps create barriers to participate in the economy for employees and employers



High-quality education opens the door to high-quality jobs



Lack of affordable housing impact recruitment and retention



Promote and provide vocational training opportunities early on



The shift to digital work highlighted a need for reliable broadband and technology literacy



Shifting economic priorities are causing workforce transitions

3 Big Ideas - BEaR

Build

more housing of all types that is affordable to all residents

Equip

the workforce for success, and close the skills gap

and

Revitalize

entrepreneurship and make it easier to do business

Big Idea #1: Build more housing

Key Takeaway

Washington state has the fewest number of housing units per household of any state in the country

Why does this matter for economic development?

The underproduction of housing is limiting economic productivity and growth, the creation of jobs, and perpetuating disparate outcomes and wealth inequity for the next generation of Washingtonians.

Big Idea #2: Equip the workforce for success

Key Takeaway

Washington state needs to train 200,000 more skilled workers over the next 10 years to keep pace with job openings

Why does this matter for economic development?

Businesses consider access to a skilled workforce when making location decisions. A limited supply of skilled workers may prevent businesses from locating, expanding, or remaining in the area.

Big Idea #3 : Revitalize entrepreneurship

Key Takeaway

Washington state is forming 30% fewer high growth potential businesses than a decade ago

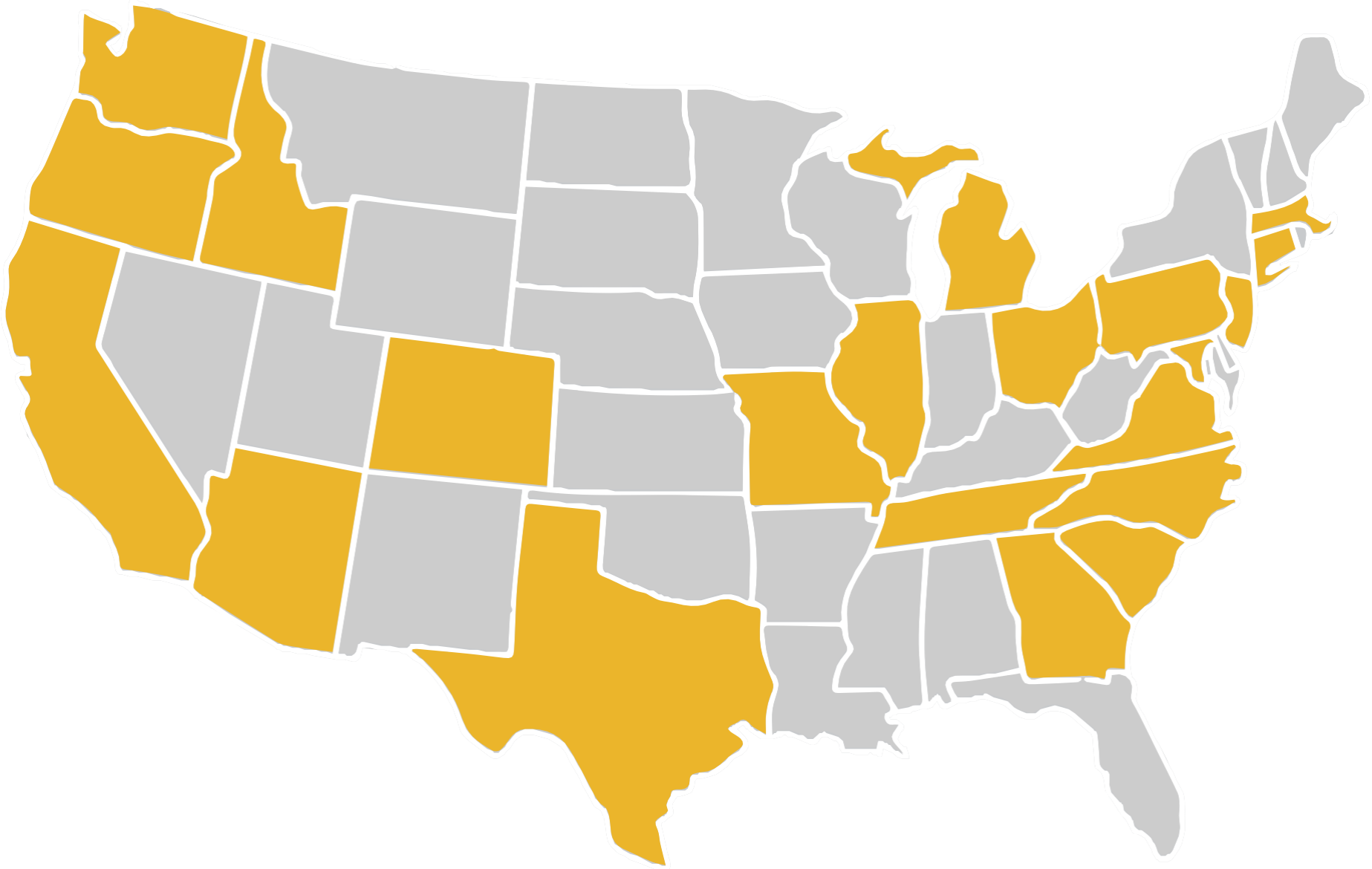
Why does this matter for economic development?

Declining rates of business formation, a trend accelerated by complex regulations and limited access to capital limits the potential for future economic expansion and shared prosperity in Washington state.

Where to go next: Measuring success

- The status quo is not producing desired outcomes
- Identifying and prioritizing desired outcomes is foundational step
- Important to measure progress on capacity builders and outcomes

Peer states selected for business competitiveness metrics



Where to go next: Policy Options



Increase Housing Production

- Eliminate exclusionary zoning
- Allow more housing to be built in high opportunity neighborhoods that leverage public investments
- Streamline permitting and incentivize more housing that is affordable



Equip workers with needed skills

- Provide non-traditional skill delivery certifications
- Alternative job programs and apprenticeships in industries with quality job growth opportunities



Revitalize entrepreneurship

- Improve access to capital for growth oriented small and emerging firms (particularly BIPOC owned)
- Simplify regulatory requirements for small businesses



Childcare



Broadband

Are important known areas of need across the state. They are not highlighted due to recent efforts at the state and federal level They should continue to be monitored.