

# Washington State Climate Study

Presented to  
Senate Trade & Economic Development Committee

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**WASHINGTON STATE  
ECONOMIC AND REVENUE FORECAST COUNCIL**



# Study Overview

- Established in 1996 under RCW82.33A to provide information to the legislature as to the competitiveness of Washington's economic climate relative to the other states.
- Indicators chosen by advisory committee with representatives from government, business, and labor
  - Consistent across states
  - Timely
  - Valid and accurate
- Produced by Economic and Revenue Forecast Council in consultation with Washington Economic Development Commission



# Overall, Washington's improved

- 41 Total Indicators and Benchmarks
  - 36 Updated
- 35 indicators with ranks relative to other states:
  - 16 improved
  - 9 worsened
  - 10 unchanged
- 35 indicators which measure year-over-year performance:
  - 25 improved
  - 8 worsened
  - 2 unchanged



# Study Indicators

Benchmarks Separated into four categories:

- Innovation Drivers
  - 18 Indicators
  - Average Rank: 18
- Business Performance
  - 4 Indicators
  - Average Rank: 10
- Economic Growth and Competitiveness
  - 9 Indicators
  - Average Rank: 17
- Quality of Life
  - 10 Indicators
  - Average Rank: 16



# Innovation Drivers

## Innovation Drivers – 18<sup>th</sup>

- Talent and Workforce
  - 8 Indicators
  - Average rank 22<sup>nd</sup>
- Entrepreneurship and Investment
  - 3 Indicators
  - Average rank 9<sup>th</sup>
- Infrastructure
  - 7 Indicators
  - Average rank 23<sup>rd</sup>



# Innovation Drivers

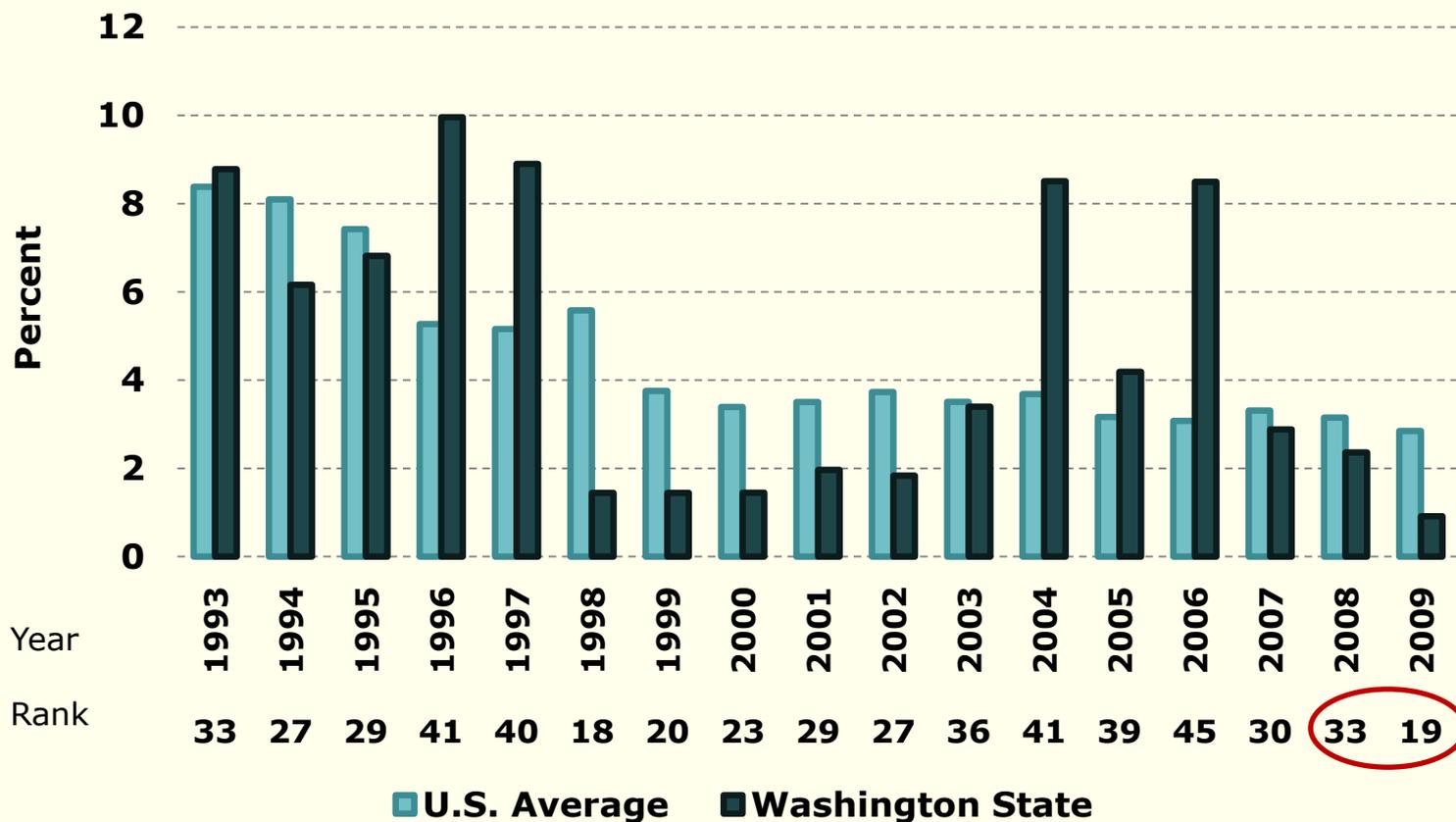
Indicator	Performance	Rank
College Participation	Unchanged	Worsened
High School Education	Improved	Worsened
Bachelor's Degree	Improved	Unchanged
Student Teacher Ratio	Worsened	Unchanged
Tenth Grade WASL	Mixed	N/A
Migration Rate	Improved	Improved
University R&D	Improved	Improved
Industry R&D	Improved	Improved
Interstate Conditions	Improved	Improved
FAA Air Traffic Delays	Improved	Improved
Electricity Costs	Worsened	Worsened
Tax Collections	Worsened	Improved
Unemployment Ins. Costs	Worsened	Improved
Workers Comp Costs	Worsened	Worsened

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# The percent of interstate miles in poor condition is at an all-time low

**Interstate Miles in Poor Condition**



**WA: 0.9%**

**US: 2.8%**

**Rank: 19**

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Source: Highway Statistics, ERFC; data through 2009



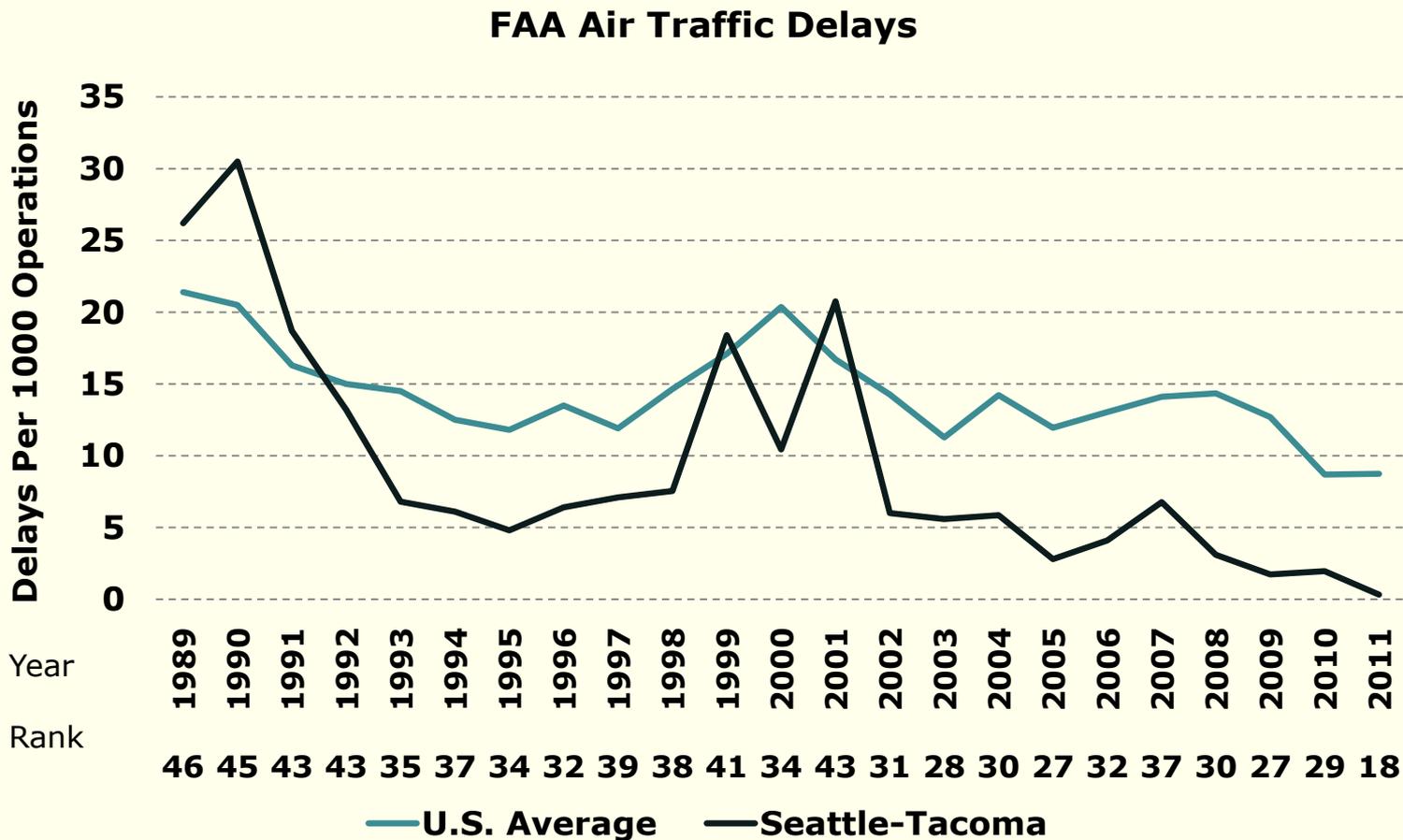
# Delays at SeaTac are at an all-time low

Rank is out of the 55 largest U.S. airports

**WA: 0.3**

**US: 8.7**

**Rank: 18**



Source: FAA Air Traffic Systems Management, ERFC; data through 2011

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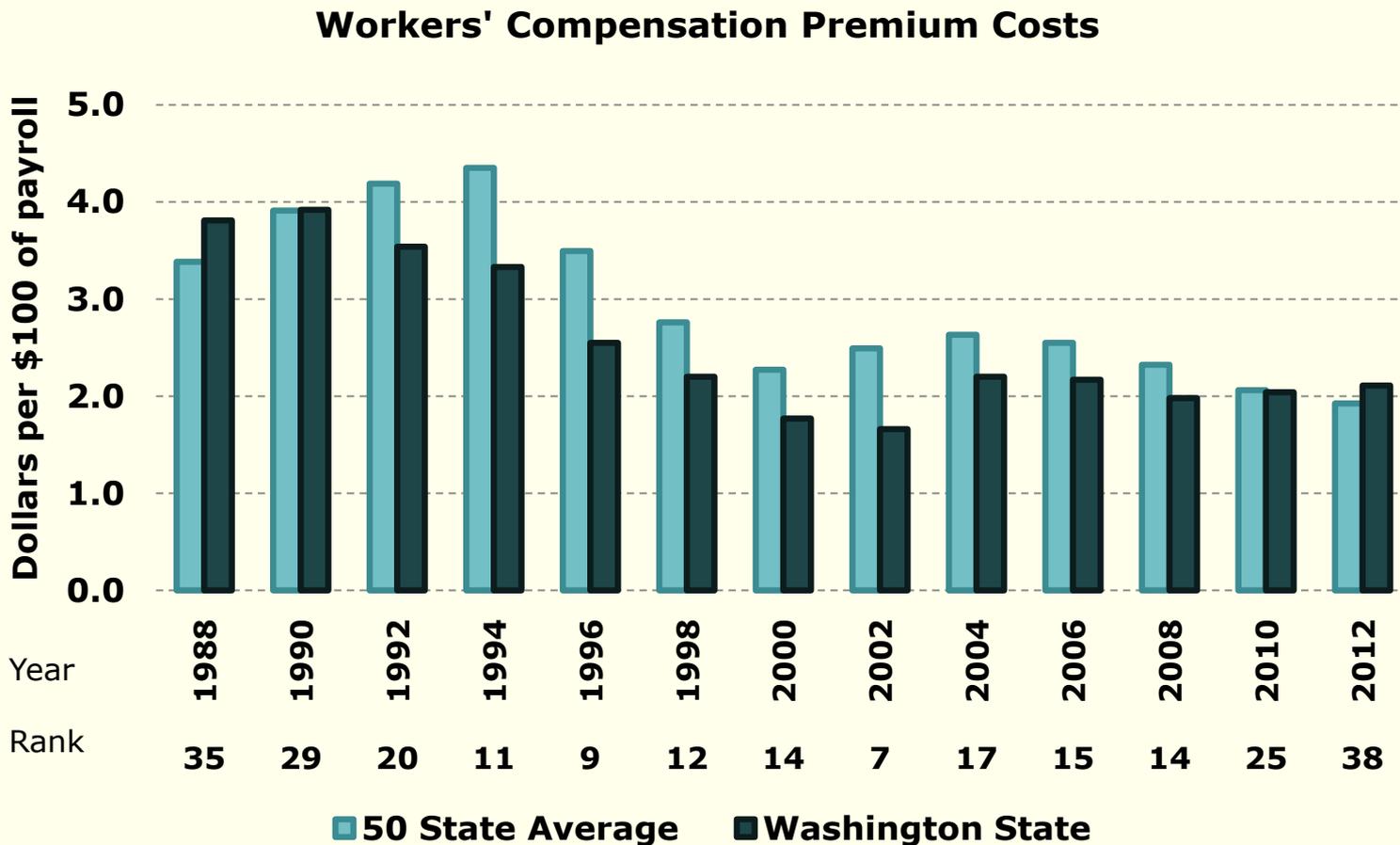


# Workers' Comp costs are higher than the U.S. average

**WA: \$2.11**

**US: \$1.92**

**Rank: 38**



Source: Oregon Workers' Compensation Premium Rate Rankings; data through 2012

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# Business Performance

Indicator	Performance	Rank
Foreign Exports	Improved	Unchanged
Foreign Exports Excl. Trans. Equipment	Improved	Unchanged
Growth in High Wage Industries	Improved	Worsened
Value Added in Manufacturing (weighted)	Improved	Worsened
Value Added in Manufacturing (unweighted)	Improved	Unchanged

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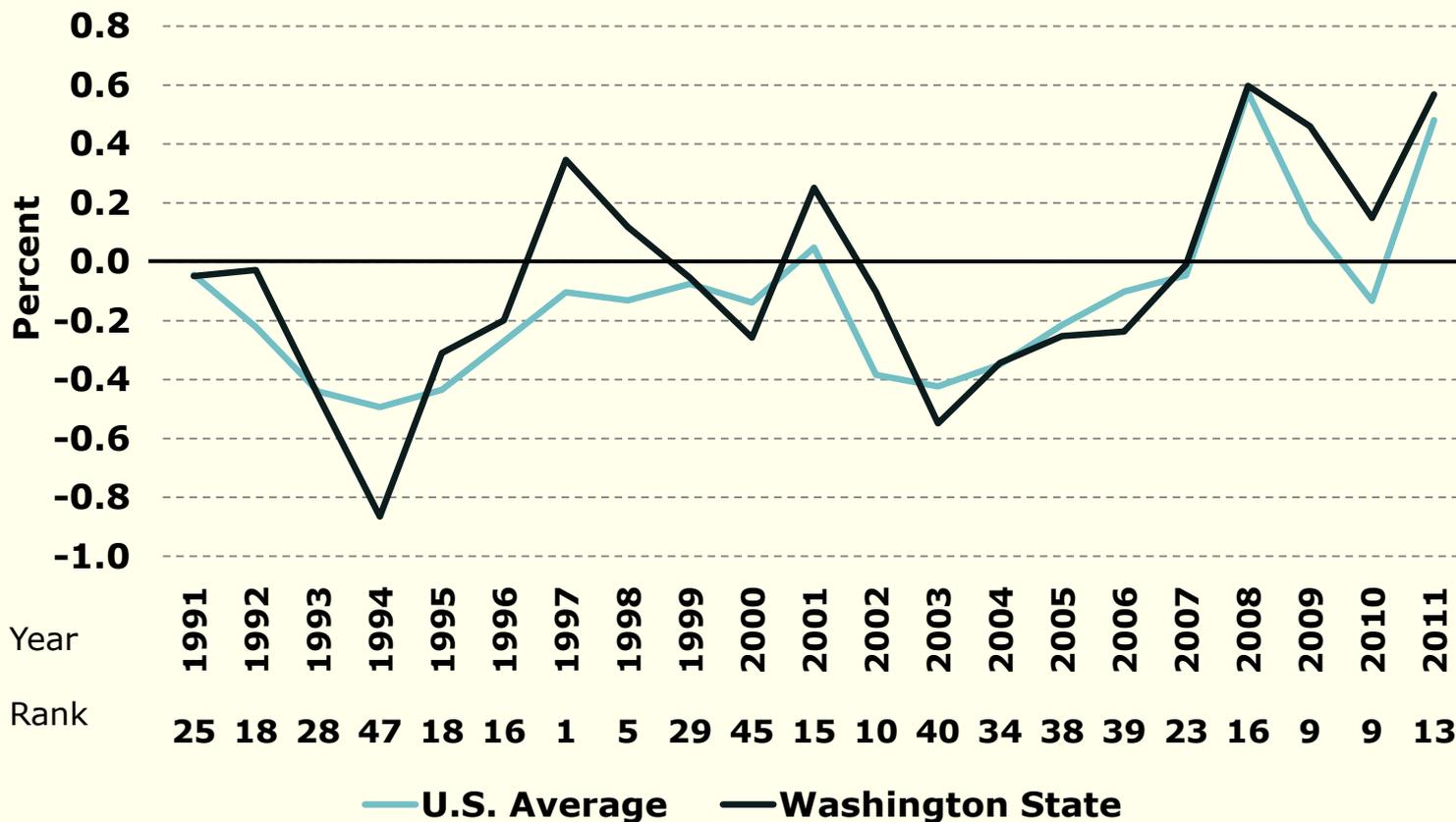
# Growth in High Wage Industries was positive for the fourth year in a row

**WA: 0.6%**

**US: 0.5%**

**Rank: 13**

**Growth in High Wage Jobs**



Year

Rank

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
25	18	28	47	18	16	1	5	29	45	15	10	40	34	38	39	23	16	9	9	13

— U.S. Average — Washington State

Source: ERFC; data through 2011

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# Economic Growth and Competitiveness

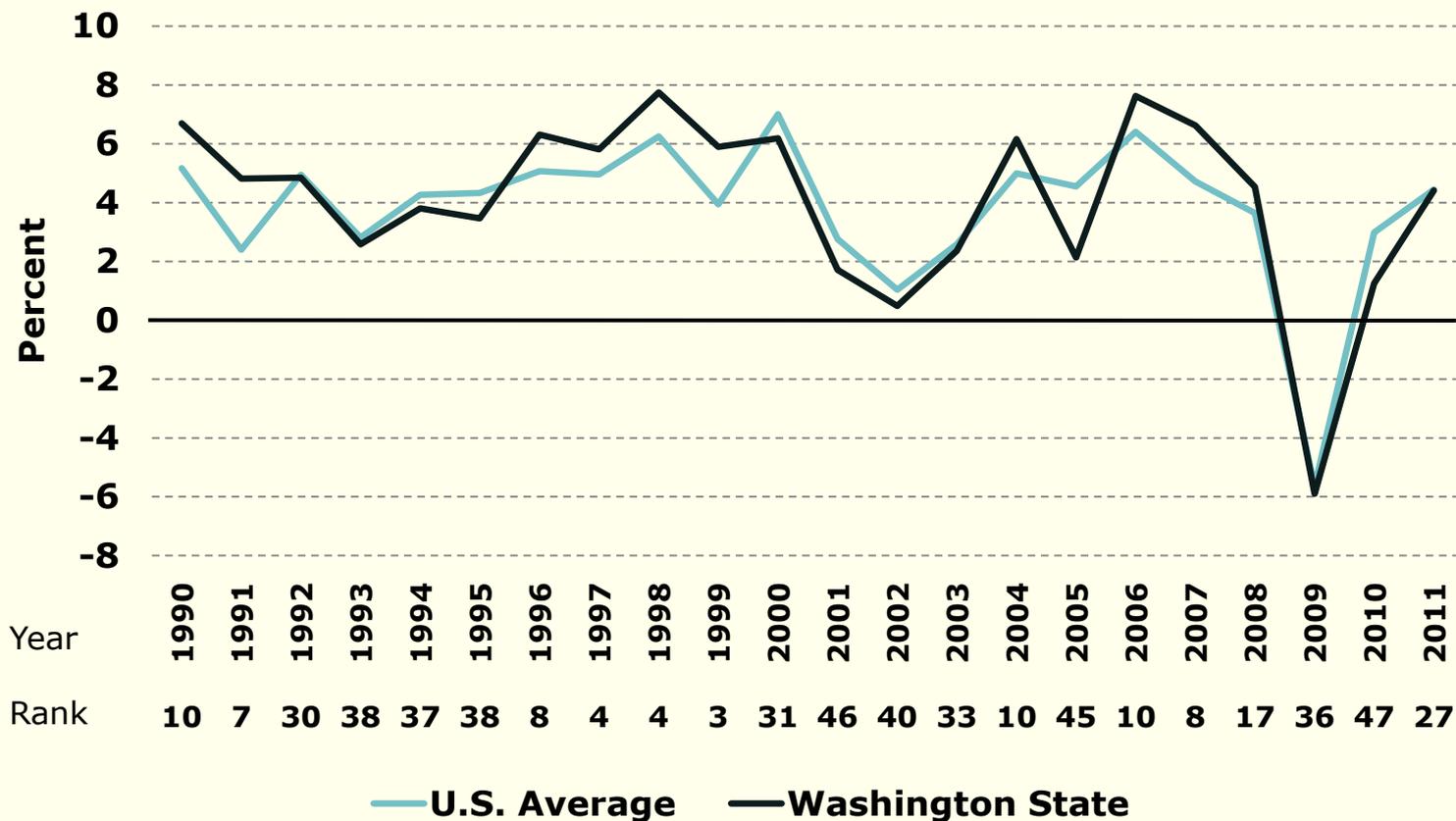
Indicator	Performance	Rank
Per Capita Income	Improved	Unchanged
Income Growth Rate	Improved	Improved
Employment Growth	Improved	Improved
Household Income	Worsened	Improved
Annual Earnings Per Job	Improved	Unchanged
Earnings Growth Rate	Improved	Improved
Unemployment Rate	Improved	Unchanged

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# Washington has caught back up to the national average in per capita income growth

**Per Capita Personal Income Growth Rate**



**WA: 4.4%**  
**US: 4.4%**  
**Rank: 27**

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Source: U.S. Dept of Commerce, BEA, ERFC; data through 2011



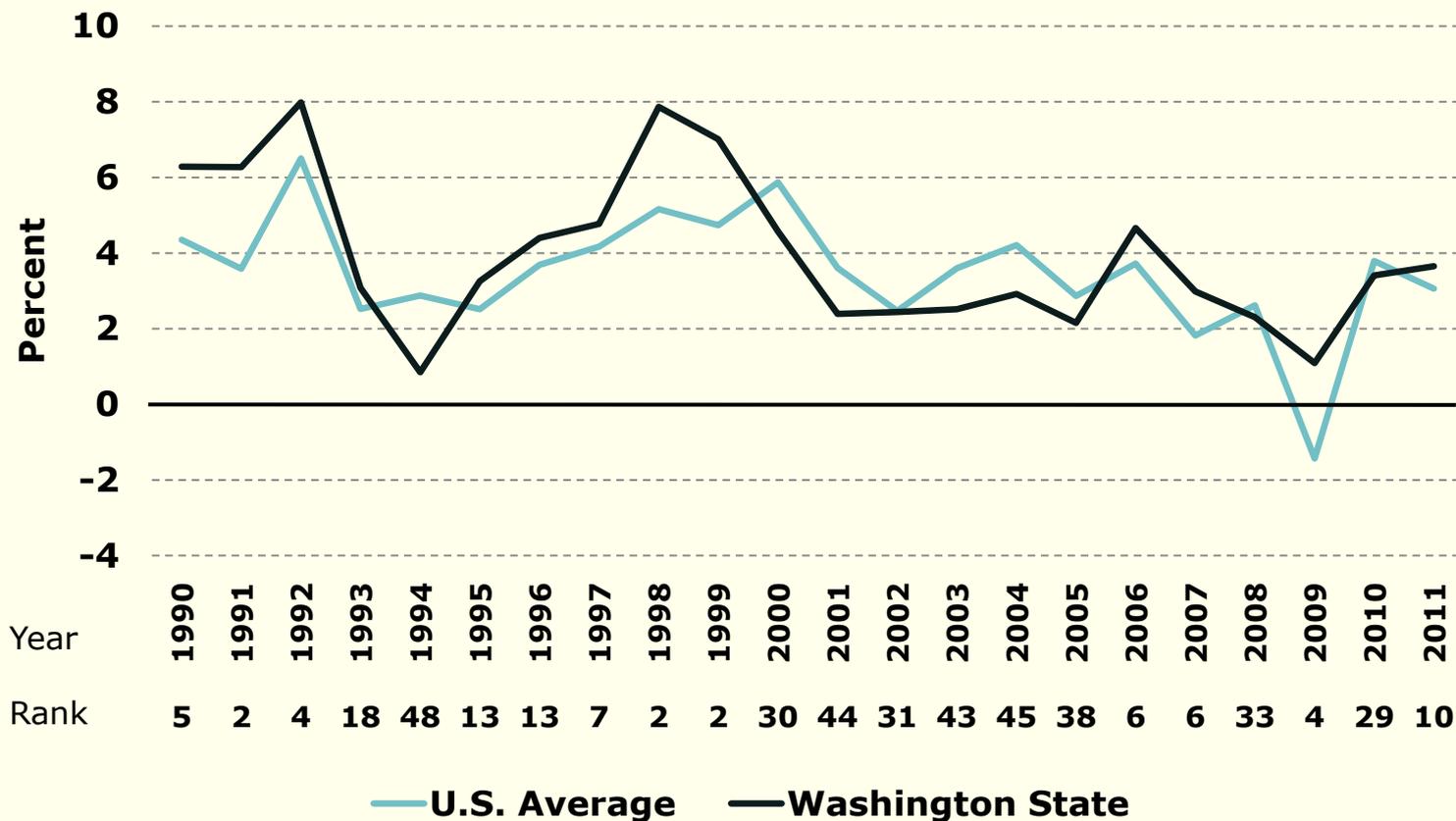
# Washington's earnings growth improved in 2011

## Earnings per job growth

**WA: 3.7%**

**US: 3.1%**

### Annual Earnings Per Job Growth Rate



Source: U.S. Dept of Commerce, BEA, ERFC; data through 2011

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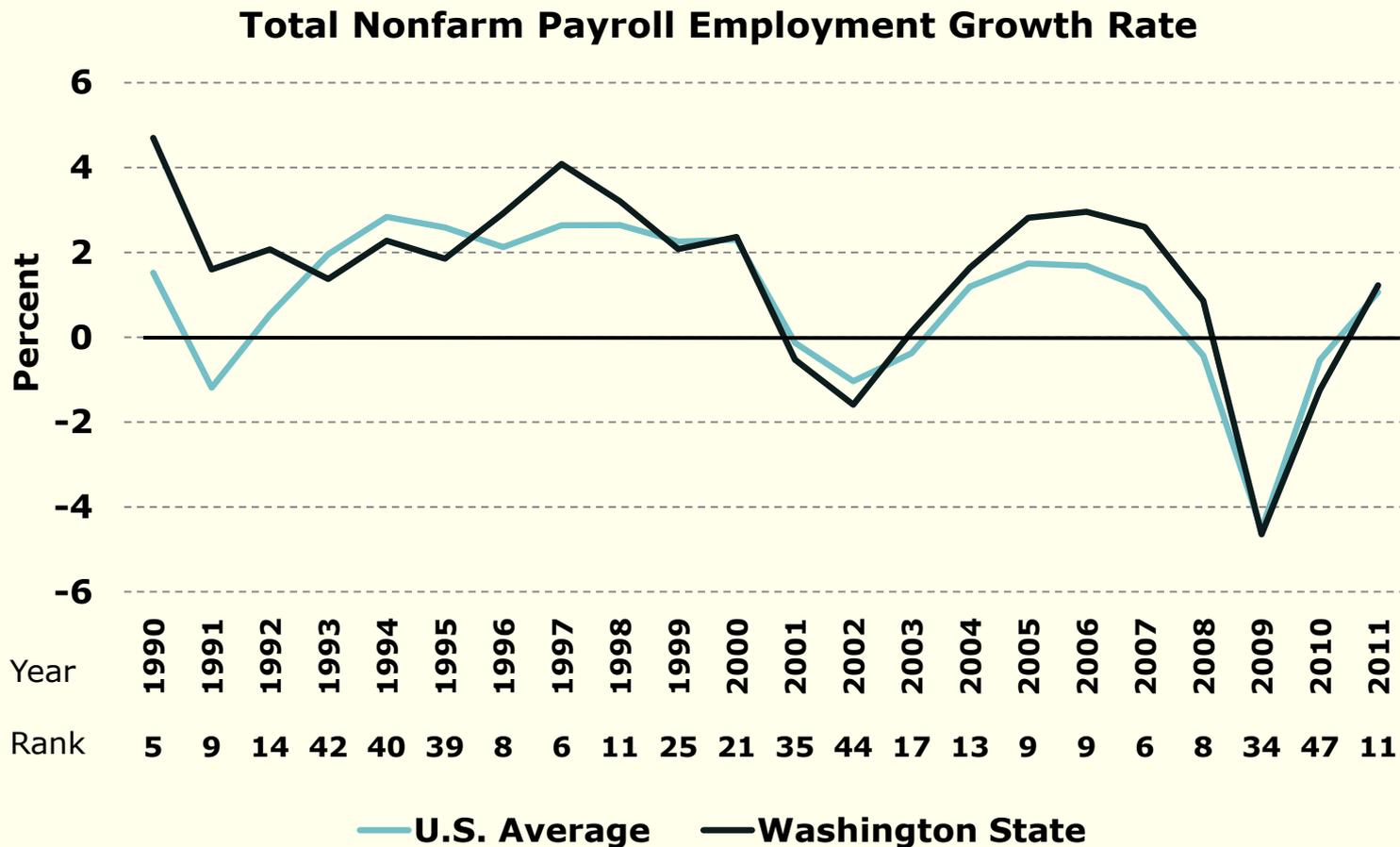
# Employment has returned to positive growth

## Employment growth

**WA: 1.2%**

**US: 1.1%**

The 5-year average of -0.2% ranks 17<sup>th</sup> among the states



Source: BLS, ERFC; data through 2011

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# Quality of Life

Climate Benchmark	Performance	Rank
Homicide	Worsened	Unchanged
Violent Crime	Improved	Improved
Arrest Rate	Improved	Improved
Air Quality	Unchanged	Worsened
Drinking Water	Improved	Unchanged
Toxins Released	Improved	Improved
Health Index	Improved	Improved
State Parks and Rec	Worsened	Worsened
State Arts	Improved	Improved
Library Service	Improved	Worsened

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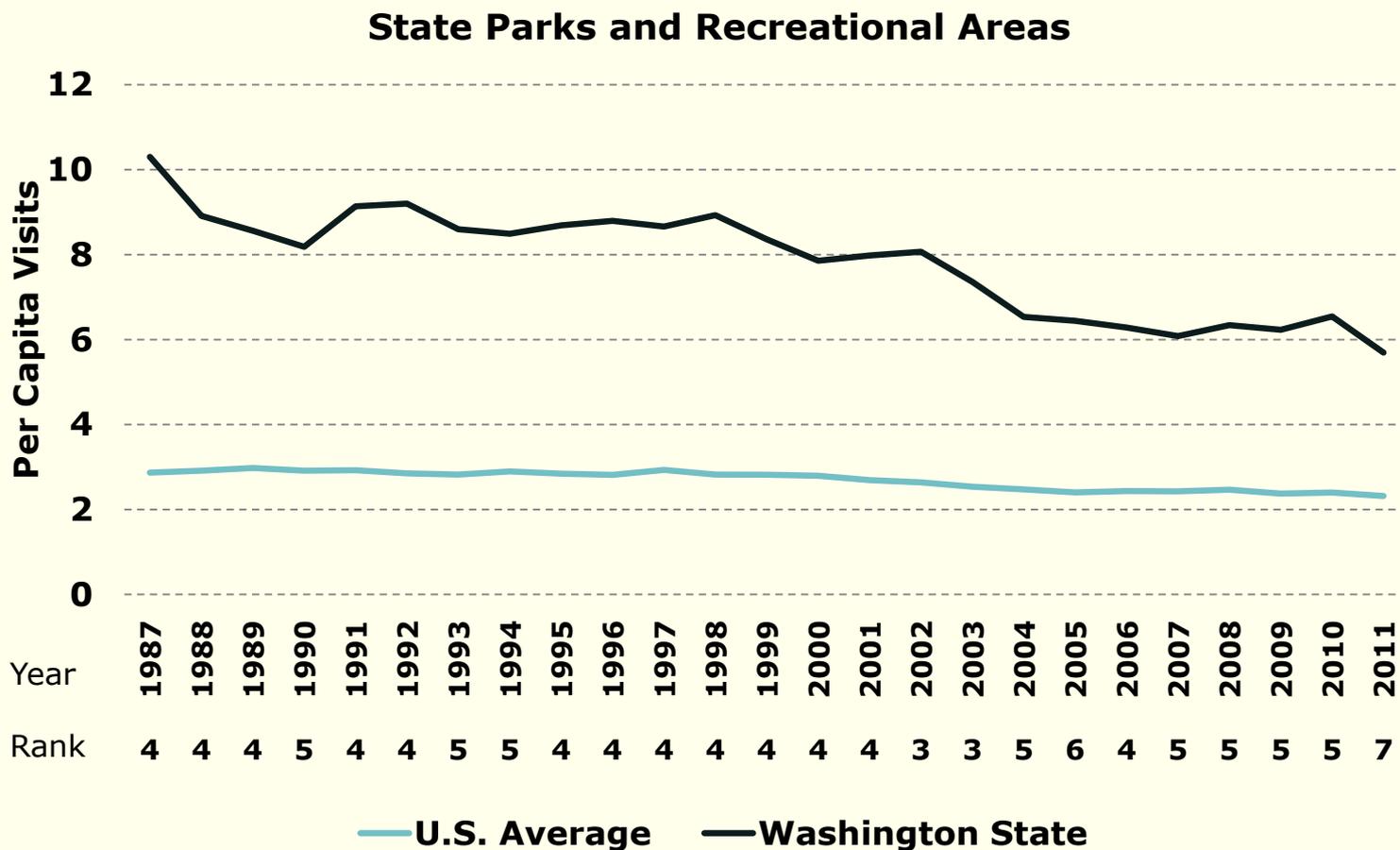
# Per capita park visits continue there downward trend

## Per Capita Park Visits

WA: 5.7

US: 2.3

Rank: 7



Source: National Association of State Parks Directors, ERFC; data through 2011

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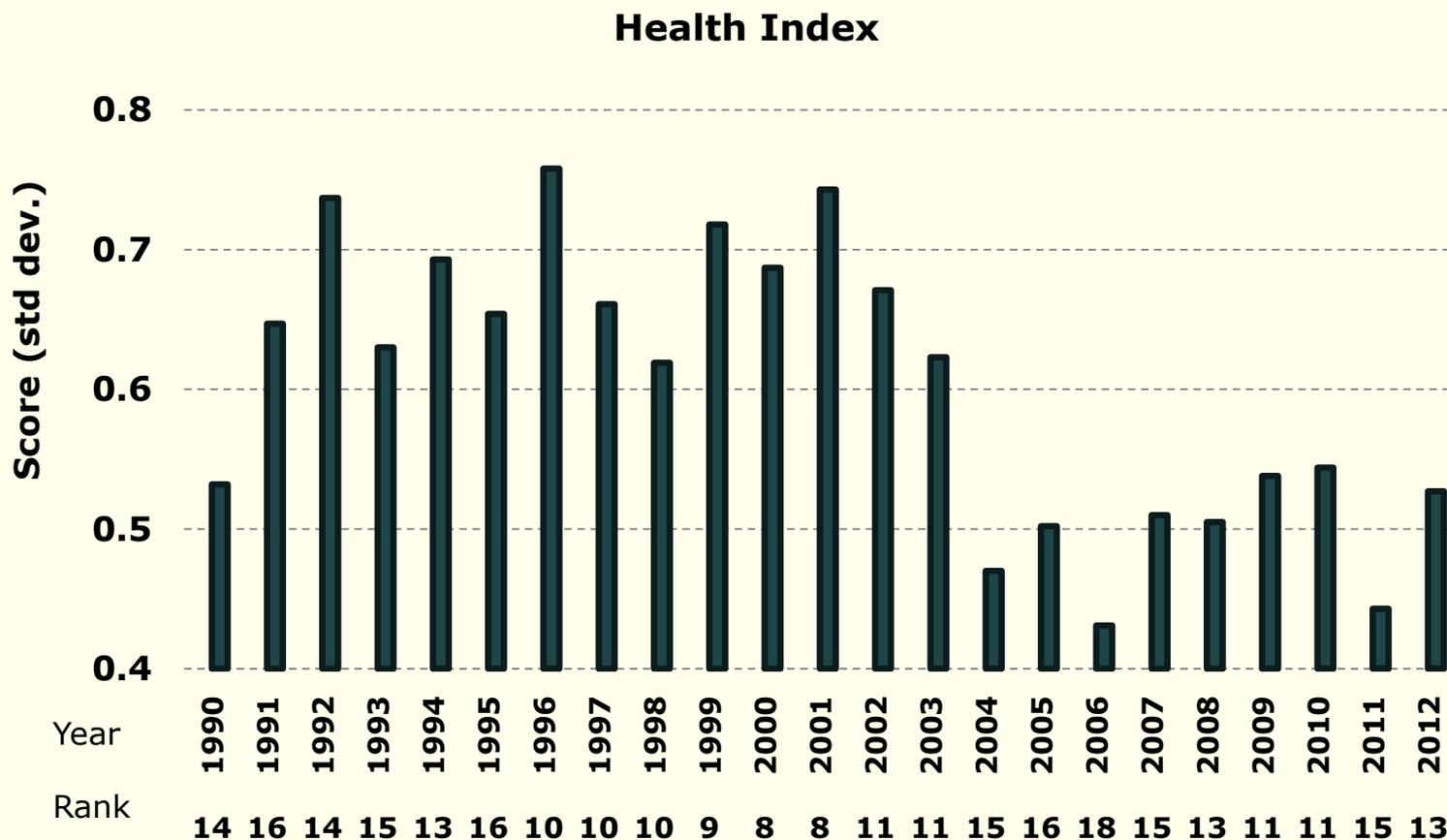
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# Washington's Health Index score fell sharply in 2011



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Source: United Health Foundation, America's Health Rankings, ERFC; data through 2012



	Improved	Worsened	Unchanged
Rank	16	9	10
Performance	25	8	2

- Overall, Washington's Climate Study indicated an improvement in performance
  - Much of this was due to the economic recovery that was unfolding.
- Washington's rankings relative to other states improved
  - While there was improvement across the nation, Washington gained ground compared to other states
  - Economic Growth and Competitiveness was the strongest category
  - Business Performance was the weakest category



# Questions



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