

Washington State Department of Commerce

Defining Commerce: Next Steps in our Mission to Grow and Improve Jobs

October 7, 2009 Version



Department of Commerce
Innovation is in our nature.

Overview

- Current situation
- Work to date
- Proposed priorities
- Proposed organizational options
- Process from here

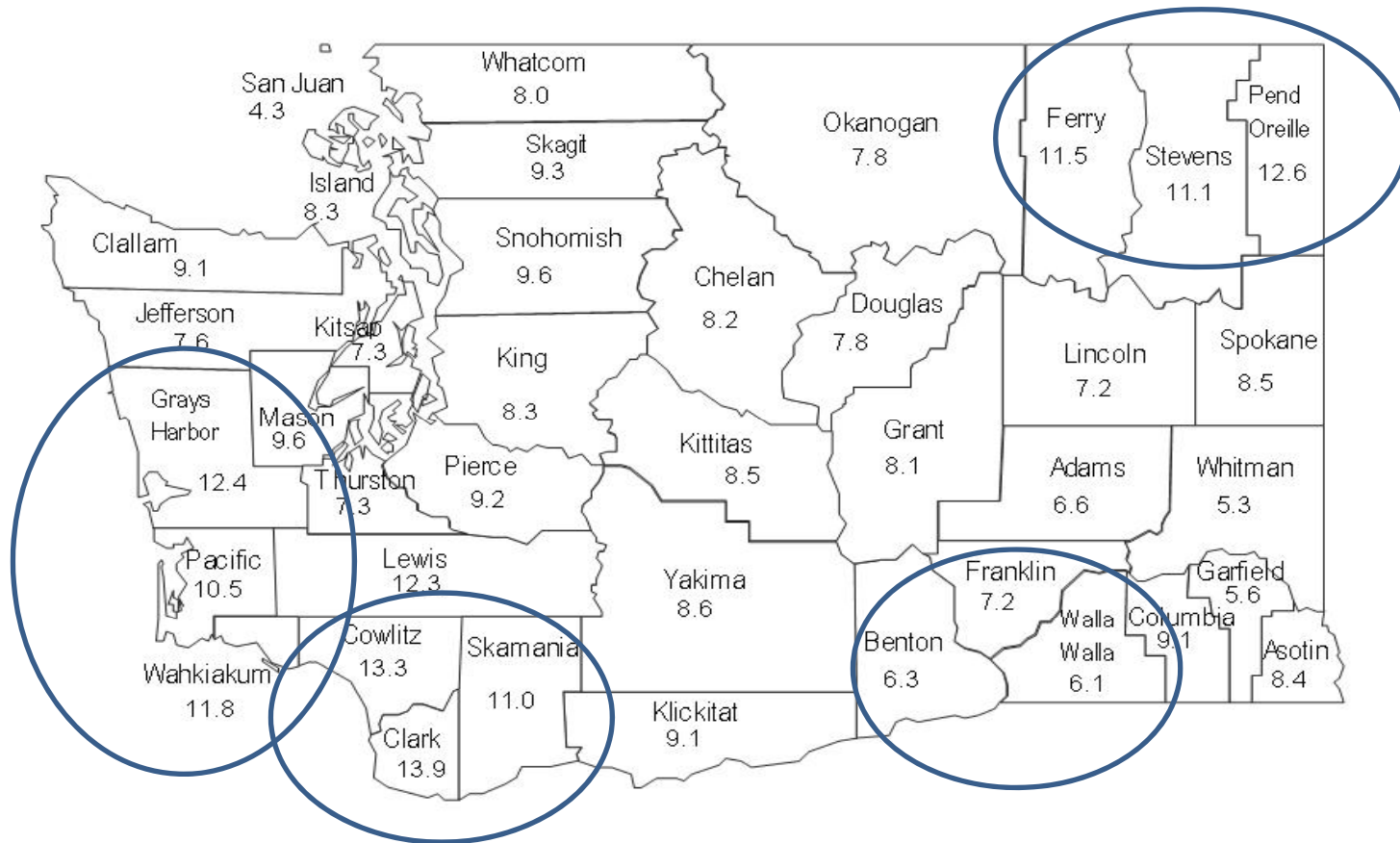


Recent performance: bleak



Recent performance: tougher areas & strength

Unemployment Rates by County, August 2009
Not Seasonally Adjusted



Top 10 for income, job & income growth

Rank	2007-\$/Job (000s)		10 Yr Job Growth		10 Yr \$/Job Growth		2007 Poverty %	
1	NY	\$ 65.9	NV	51%	VA	55%	NH	5.8
2	CN	\$ 63.1	AZ	40%	CO	54%	VA	8.6
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5	CA	\$ 54.9	CO	22%	MD	52%	CN	8.9
6	IL	\$ 53.1	VA	20%	NH	50%	MN	9.3
7	MD	\$ 52.9	CA	19%	CN	49%	RI	9.5
8	TX	\$ 51.3	WA	19%	CA	48%	NV	9.7
9	WA	\$ 51.1	MD	19%	NY	48%	CO	9.8
10	VA	\$ 51.1	NH	17%	WA	48%	IL	10.0
11	CO	\$ 49.6	NJ	15%	MN	47%	WA	10.2
12	PA	\$ 48.6	MN	14%	RI	46%	PA	10.4
13	MI	\$ 48.1	NY	12%	AZ	45%	MI	10.8
14	RI	\$ 47.2	RI	12%	IL	43%	MA	11.2
15	MN	\$ 47.0	CN	11%	PA	42%	CA	12.7
16	NH	\$ 46.8	PA	10%	GA	39%	OH	12.8
17	NV	\$ 45.8	MA	10%	NJ	39%	GE	13.6
18	GA	\$ 45.3	IL	8%	NV	38%	AZ	14.3
19	AZ	\$ 43.9	OH	4%	OH	37%	NY	14.5
20	OH	\$ 43.9	MI	2%	MI	34%	TX	16.5
USA		\$ 48.9	16%		45%		12.5%	

Source: U.S. Bureau of Economic Analysis



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Situation Summary

- Bleak, but no bleaker than most places
- Per capita income, employment & income growth have been strong in recent years
- Must address weaknesses as well as understand and build on historic strengths

We need renewed focus and concerted action

New Department of Commerce

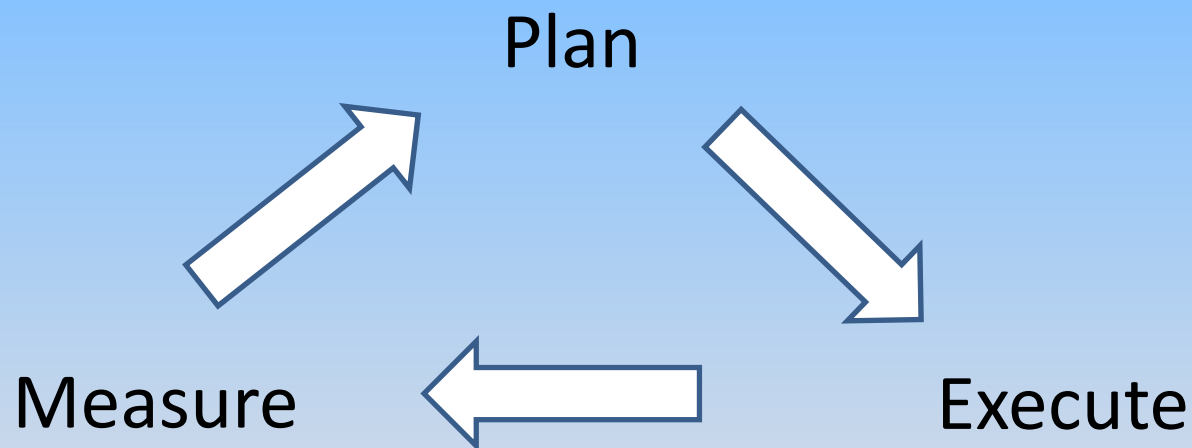
Charge from 2009 Legislature--EHB 2242:

- Adopt concise core mission
- Align with the state's economic development plan
 - Jan 2007: Governor's "**Next Washington**"
 - Feb 2009: WEDC "**Washington Innovation Economy**"
- Be accountable and transparent
- Partner and leverage private & federal dollars
- Stay focused and flexible / Increase local capacity
- Propose organization aligned with core mission



Defining, then driving Commerce

Mission/Vision > Principles > Priorities > Metrics



Commerce Mission

Grow and improve jobs in Washington

Metrics:

- “Grow” seems pretty straightforward
- “Improve” may involve several things
 - Income per job, wage distribution
 - Rural-Urban mix
 - Diversity mix



Principles for Moving Forward

- Gov't doesn't create most jobs--businesses do
- Gov't does shape the business climate
- Strong economies require strong communities
- Vibrant business communities benefit us all
- Gov't should not pick winners and losers
- Retain and grow existing businesses first
- Be opportunistic
- Focus on the function; form will follow



Listening Around The State: 7 X 7



What We Heard

Full report at www.commerce.wa.gov

- Get better at implementing regulation
- Recommit to infrastructure funding
- Focus on competitiveness: reality & perceptions
- Help rural areas grow
- Improve connection of education/training to jobs
- Accelerate transfer of public R&D to market
- Align tax system with economic objectives
- Local engagement of Commerce well regarded

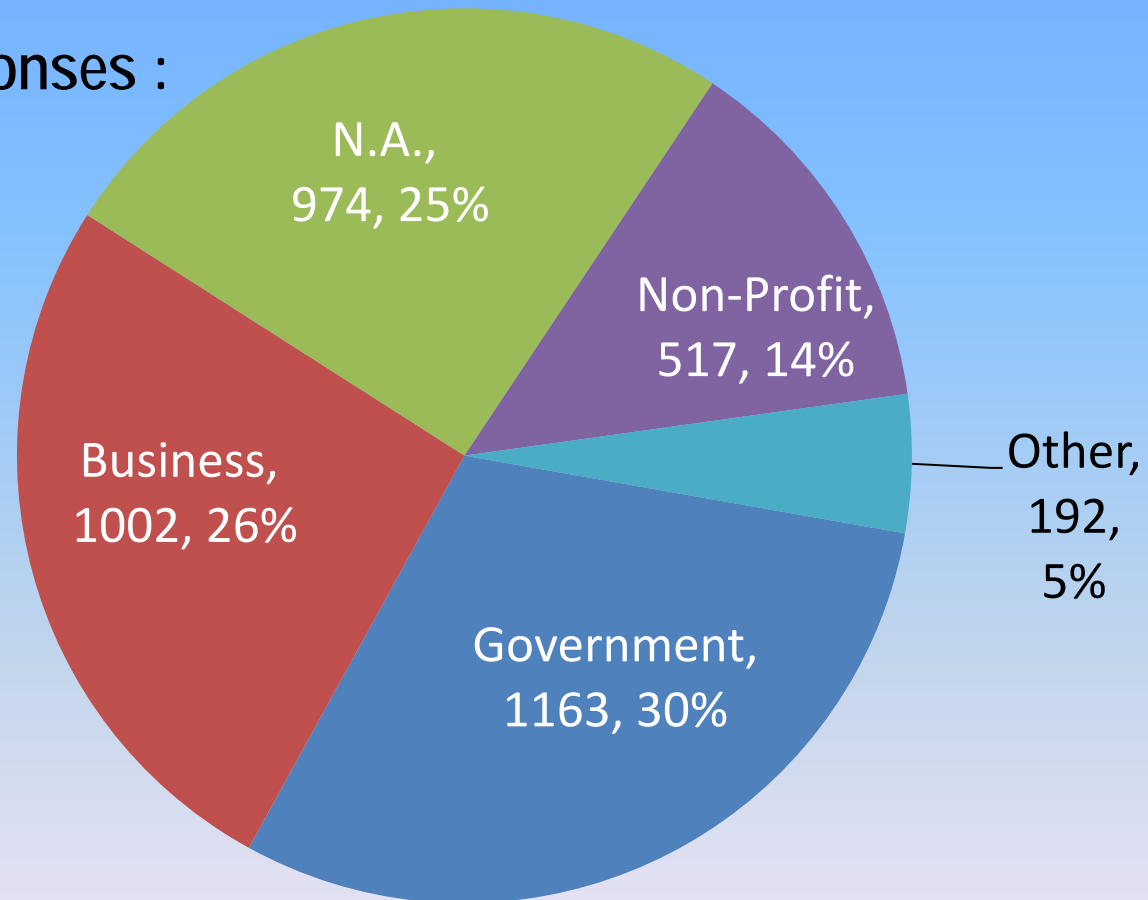
On-line Survey: August 2009

Total survey responses :

3,848

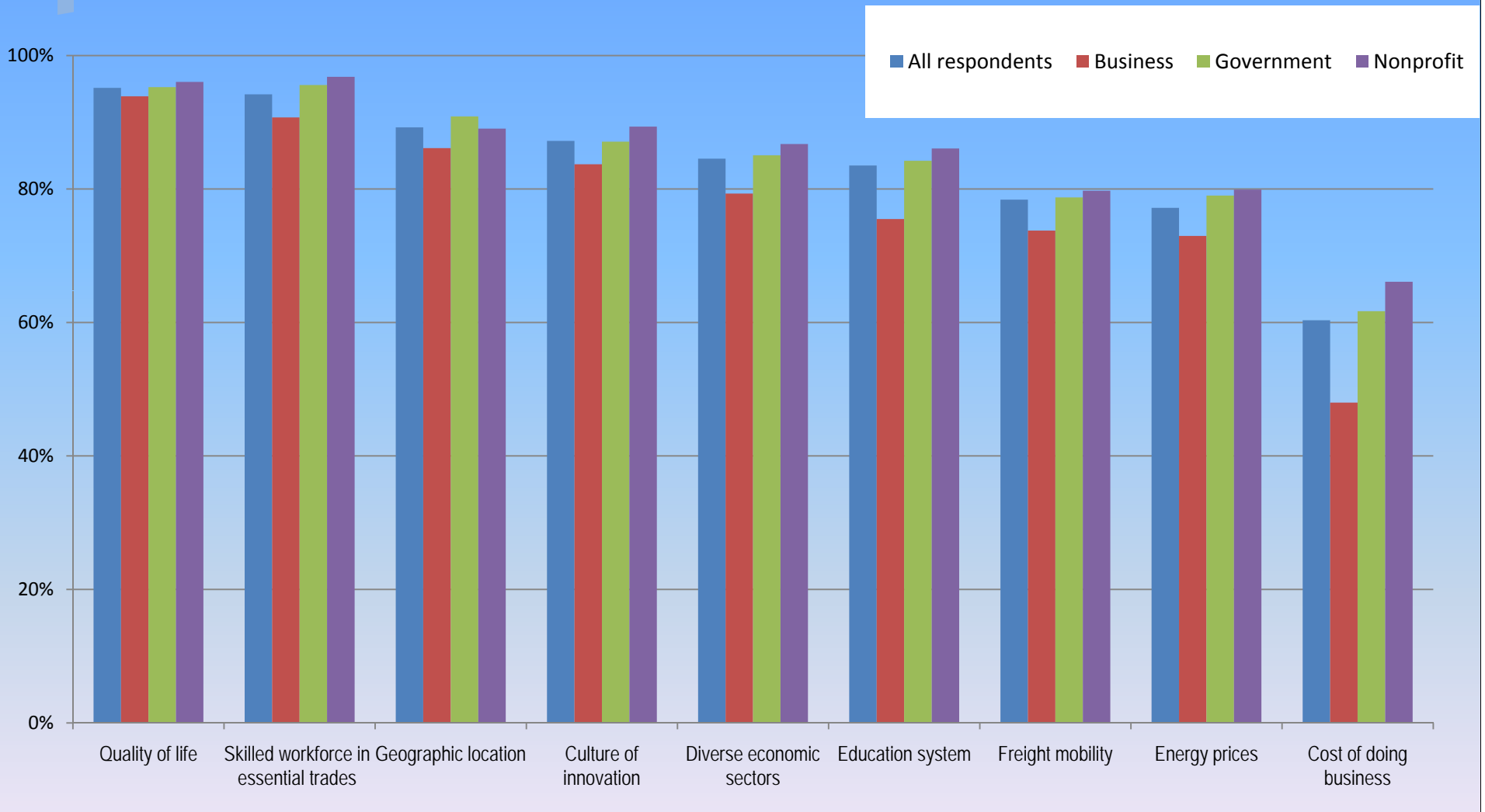
West: 73%

East: 27%



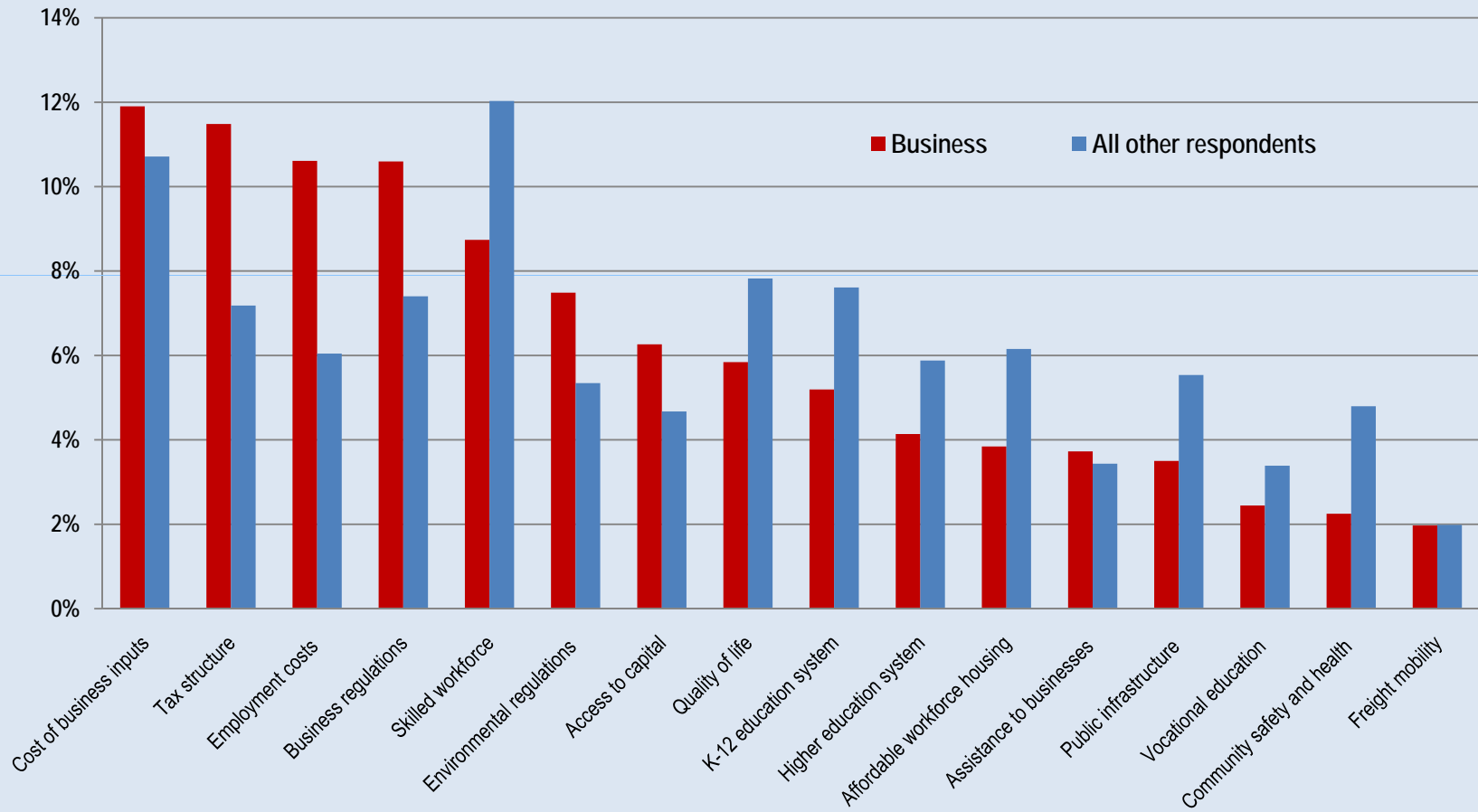
Business advantages

Q. Do you agree this is a business advantage for Washington State?



Five most important factors

Q. What do you see as the five factors that are most important to growing and improving jobs in WA?

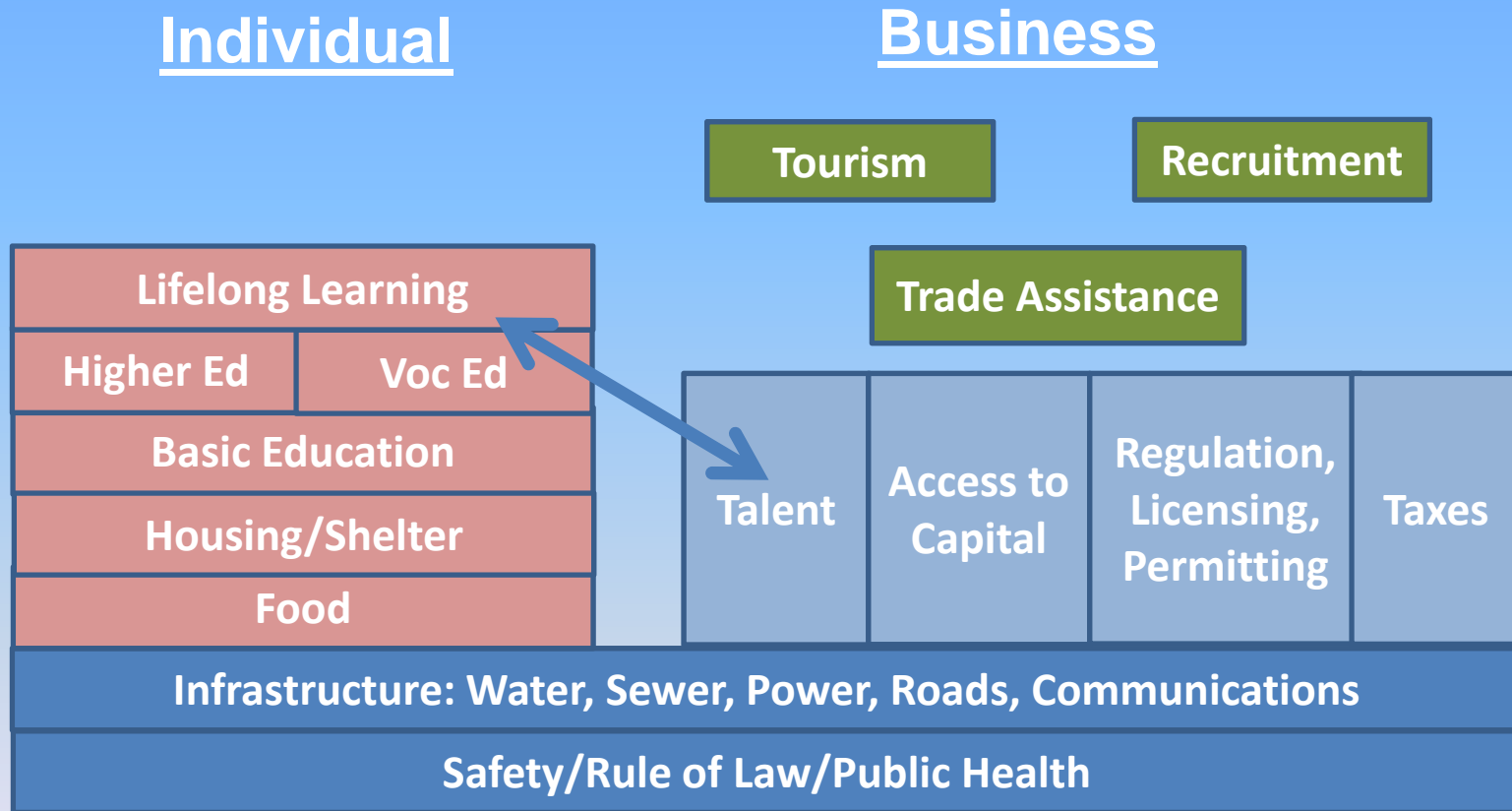


Research

- Reviewed 18 WA studies done since June 2005 on
 - benchmarks with comparator states
 - economic development
 - job retention and growth
- Academic literature
- Interviews and analysis of other state departments



Building Blocks of Economic Success



Commerce “Global” Priorities

Competitiveness

- Washington State as a product, Commerce as Product Manager, Tax policy as an example of a feature
- Relationship with state-wide network
- Fostering our state’s culture of innovation

Education & Workforce Training

- Providing business perspective on K-20 system
- Connecting workforce training to employers better

Efficient Regulation

- Lower costs & increased timeliness, straight to bottom line
- Maintain environmental & safety standards; implement more efficiently

Infrastructure Investment

- Restore funding; restructure & improve local funding as we restore?
- Invest in smart growth to support quality of life and economic development

Commerce “Specific” Priorities

Community Capacity

- Focused on growing and improving jobs
- Capacity building, not direct service

Rural Focus

- How do we help rural areas participate more in our state’s economic prosperity?

Sector Focus

- Industry Sector Manager Role; WA State strategy for the sector
- Work closely with economic development network

Small Business Focus

- Over half of our jobs come from companies with <50 employees
- Need to figure out State’s role here relative to existing resources

For Each Priority

- Rationale for the priority (link to mission)
- What are the metrics?
- Who does it well?
- Key questions still to answer
- Ideas for investigation
- Key partners

Potential Commerce Roles

- Participant and Thought Leader
- Policy Development
- Program Ownership



Alignment to State Econ Dev Plans

Next Washington	WA Innovation Economy	Commerce Priorities
Education and Skills (e.g. WA Learns)	Workforce and Talent	Education & Workforce Training
Foundation for Success (e.g. Infrastructure, Water Rights, Distressed Areas)	Infrastructure (Lean and Green)	Infrastructure
Open for Business (Sectors, Competitiveness, Regulation, Innovation, Small Business)	Investment & Entrepreneurship	Competitiveness (Tax policy, trade, innovation)
		World Class Regulation
		Community Capacity
		Rural Focus
		Sector Focus
		Small Business



Options for Organizing

1. “FOCUSED COMMERCE”
2. “MINIMAL DISRUPTION COMMERCE”
3. “MISSION-ALIGNED COMMERCE”

Options for Organizing

“FOCUSED COMMERCE”

- Retains programs most closely aligned with mission
- Adds part or all of Office of Regulatory Assistance

Options for Organizing

“FOCUSED COMMERCE”

PROS

- Small agency with sharp focus
- ORA helps address key priority (more efficient regulation)

CONS

- Loss of “critical mass” to support central functions
- Disruption to programs being relocated
- Stakeholder and staff disappointment (clear desire to stay at Commerce)
- ORA loses status/authority of Governor

Options for Organizing

“MINIMAL DISRUPTION COMMERCE”

- Moves only programs with significant “disconnect” with Commerce mission or strong desire to leave
- Adds part or all of Office of Regulatory Assistance
- Minimizes the disruption of change

Options for Organizing

“MINIMAL DISRUPTION COMMERCE”

PROS

- Fewer battles to fight
- Responsive to stakeholder desire to stay
- Minimizes change and the inherent disruption
- Smaller agency with improved focus
- Incremental proving ground—inside-out change
- ORA helps address key priority (more efficient regulation)
- Minimizes transition costs

CONS

- Less responsive to the desire for focus/change
- Loss of some support for central functions
- ORA loses status/authority of Governor

Options for Organizing

“MISSION-ALIGNED COMMERCE”

- Retains programs most closely aligned with mission
- Adds part or all of Office of Regulatory Assistance
- Adds and consolidates infrastructure programs
- Adds and consolidates energy policy and programs

Options for Organizing

“MISSION-ALIGNED COMMERCE”

PROS

- Bigger agency with improved focus
- Bolder change
- Consolidates similar programs, offers great opportunity for business process alignment
- More “critical mass” to support key central functions
- ORA helps address key priority (more efficient regulation)

CONS

- Disruption to programs being relocated
- Stakeholder and staff disappointment (clear desire to stay at current agency)
- ORA loses status/authority of Governor

Next steps

- September 21: Review with agency
- Sept -Oct : Discussions with legislators & stakeholders
- November 1: Report to Legislature including
 - Mission/Vision
 - Priorities
 - OPTIONS for Organization

Options for Organizing

<u>Focused Commerce</u>		<u>Minimal Disruption Commerce</u>		<u>Mission-Aligned Commerce</u>	
<ul style="list-style-type: none"> •Retains existing programs most closely aligned with mission (BASE) •Adds part or all of Office of Regulatory Assistance (ORA) 		<ul style="list-style-type: none"> •Moves only programs with significant “disconnect” with mission or strong desire to leave •Adds part or all of Office of Regulatory Assistance (ORA) •Minimizes the disruption of change 		<ul style="list-style-type: none"> •Retains existing programs most closely aligned with mission (BASE) •Adds part or all of Office of Regulatory Assistance (ORA) •Adds and consolidates infrastructure programs •Adds and consolidates energy policy and programs 	
IN/BASE	UNDER DISCUSSION*	IN/BASE	UNDER DISCUSSION*	IN/BASE	UNDER DISCUSSION*
<ul style="list-style-type: none"> •ORA – part of all ----- •CERB •Washington Technology Center •Tourism •Local Econ Dev Assistance •Trade •Low Income Housing •Public Works/ Drinking Water •STARS •Energy Policy •CDBG •CSBG •Bond Cap Allocation •Affordable Housing •Lead Based Paint •Workforce Dev •LIHEAP •Growth Mngmnt •Small Com Initiative •Farm Worker Hsng •Asset Building •Community Projects •Homeless Housing •Retired Senior Volunteer Program 	<ul style="list-style-type: none"> •WA Economic Dev Com •SBCC •Community Mob •Project Safe Neighborhoods •EFSEC •Independent Youth Housing •Rural Narcotics Enforc •OCVA •Emergency Food Assist •Dispute Resolution Centers •Juvenile Drug Courts •Drug Prosecution Assistance •Criminal Justice Invest •Housing of Persons w/ AIDS •Mobile Home Relocation •Manufactured Hsng Reloc •Fin Fraud & Identity Theft •Housing Assist for Persons w/ Mental Illness •Post-Convict DNA Analysis •Forensic Sciences Improvement •Residential Substance Abuse Treatment •Children & Families of Incarc erated Parents •LTCO-Adult Family Home •American Dream Dwnpmt I •Long-Term Care Ombud •DD Council •County Public Health 	<ul style="list-style-type: none"> •ORA – part or all ----- Same BASE as Focused Commerce 	<ul style="list-style-type: none"> •WA Economic Dev Com •Mobile Home Relocation •Manufactured Hsng Reloc •Financial Fraud & Identity Theft •Housing Assist for Persons w/ Mental Illness •Post-Conviction DNA Analysis •Forensic Sciences Improvement •Residential Substance Abuse Treatment •Children & Fam of Incarc Parents •Long Term Care Ombudsman •American Dream Dwnpmt I •Long-Term Care Ombudsman •DD Council •County Public Health 	<ul style="list-style-type: none"> •ORA – part or all •Local infrastructure funding programs (pending infrastructure symposium) •Energy-related activities (pending Governor’s exercise) ----- Same BASE as Focused Commerce 	<ul style="list-style-type: none"> •WA Economic Dev Com •SBCC •Community Mob •Project Safe Neighborhoods •EFSEC •Independent Youth Housing •Rural Narcotics Enforc •OCVA •Emergency Food Assist •Dispute Resolution Centers •Juvenile Drug Courts •Drug Prosecution Assistance •Criminal Justice Invest •Housing of Persons w/ AIDS •Mobile Home Relocation •Manufactured Hsng Reloc •Fin Fraud & Identity Theft •Housing Assist for Persons w/ Mental Illness •Post-Convict DNA Analysis •Forensic Sciences Improvement •Residential Substance Abuse Treatment •Children & Families of Incarc erated Parents •LTCO-Adult Family Home •American Dream Dwnpmt I •Long-Term Care Ombud •DD Council •County Public Health

*Activities are listed in inverse order of connection to mission=those highest on the list being least connected and lowest on the list being more connected.

To provide feedback,
please send comments to:
comment@commerce.wa.gov

This presentation and other related
information is on our web site at:
www.commerce.wa.gov

