

## BENCHMARKS *for a* BETTER WASHINGTON

### ***Setting a positive, long-term vision for a better Washington state***

Washington state's economy was severely impacted by the Great Recession. Signs of recovery are emerging, but citizens, families and businesses continue to struggle. As a result, there is broad acknowledgement that state government needs to focus on a common pursuit of economic vitality.

The vision of the Washington Roundtable: **Make Washington a top 10 state for quality of life and innovation and ensure it is not one of the 10 most expensive states in which to do business.**

In 2011, the Roundtable began tracking the Benchmarks for a Better Washington, a set of metrics that speak to the heart of what constitutes a world class state: innovation, quality education, safe and efficient infrastructure, and a business environment that encourages job growth. The Benchmarks utilize independent, state-by-state comparative data to assess Washington's position in key categories, identify strengths and areas requiring improvement.

### ***Charting progress***

Washington has made progress in the year since the Benchmarks were developed. The state continues to be a leader in patent generation, ranking 5<sup>th</sup> in the nation. The state economy is also showing signs of recovery with Washington ranking 8<sup>th</sup> in the percentage of private sector job growth, year-over-year.

The updated Benchmarks underscore the need to improve on quality of life indicators.

Despite having one of the most innovation-dependent economies in the nation, Washington ranks 38<sup>th</sup> in bachelor's degrees awarded per capita. The state ranks 37<sup>th</sup> in high school graduation rates, 15<sup>th</sup> in student achievement in science and 12<sup>th</sup> in student achievement in math.

Washington has significant ground to make up to crack the top 10 in transportation rankings as well. Washington ranks 16<sup>th</sup> in the nation for road conditions and 42<sup>nd</sup> for bridge conditions. Washington improved in average commute times, moving from 39<sup>th</sup> in last year's Benchmark report to 37<sup>th</sup> this year.

In terms of business costs, the state continues to enjoy the benefits of hydroelectric resources, ranking 1<sup>st</sup> in the nation with the lowest commercial and industrial electricity rates. However, Washington continues to rank among the 10 most expensive states for unemployment insurance (UI) tax rates and workers' compensation benefits paid. UI and workers' compensation reforms enacted in 2011 should lead to improvements over time.

Becoming a top 10 quality of life state with a competitive business climate demands a process of continuous evaluation and improvement with a long-term focus. Hard work is needed to catch up, keep up and move ahead. The Roundtable will work with elected officials, civic, community and business leaders, to ensure Washington rebuilds itself into a state of expanded opportunity – a great place to live, invest, work, learn, and embrace the future with optimism.

## QUALITY of LIFE and INNOVATION:

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*Washington state will maintain its rank among the top 10 states in the number of patents granted annually to inventors residing in the state.*

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**Baseline:** Washington state ranks **5th in the nation** in the number of utility patents granted (4,767) by the U.S. Patent and Trademark Office in 2011.

**Rationale:** Patents are a symbol of innovation and a leading indicator of future economic potential.

**Measurable:** The [U.S. Patent and Trademark Office](http://www.uspto.gov) tracks patent issuance on an annual basis.

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**QUALITY of LIFE and INNOVATION:**

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*Washington state will rank in the top 10 states for total private sector (non-government) job growth.*

**Baseline:** Washington state ranks **8<sup>th</sup> in the nation** for private sector (non-government) job growth (2011 data year).

**Rationale:** Private sector job growth is a fundamental driver and measure of economic growth. It is also a key driver of state revenue growth.

**Measurable:** The U.S. Bureau of Labor Statistics collects employment data from the states and employers, and reports on an annual basis. The states are ranked on the percentage of private sector job growth over the previous calendar year.

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*Washington state will rank among the top 10 states in high school graduation rates.*

**Baseline:** Washington state ranks **37<sup>th</sup> in the nation** (tied with Delaware) with 73.7 percent of students graduating from high school in 2009 – the most recent year for which comparative state-by-state data is available.

**Rationale:** By 2018, two out of three new family wage jobs in Washington state will require training or education beyond high school. Raising the state high school graduation rate, with the ultimate goal of ensuring all students in Washington state graduate, will give our young people the best opportunity to successfully enter college or the workplace.

**Measurable:** The [U.S. Department of Education and National Center for Education Statistics](#) provides state-by-state comparative data based on the average high school graduation rate as an estimate of the percentage of entering freshmen graduating in 4 years.

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*Washington state will rank among the top 10 states in student performance in math and science.*

**Baseline:** Washington state is in a four-way tie for **12<sup>th</sup> place** when compared to all states based on the percentage of 8<sup>th</sup> grade students who scored at or above proficient on the math portion of the 2011 National Assessment of Student Progress (NAEP), also known as the “Nation’s Report Card.” Forty percent of Washington’s 8<sup>th</sup> graders scored at or above proficient that year.

Washington state is in a five-way tie for **15<sup>th</sup> place** in the percentage of 8<sup>th</sup> grade students who scored at or above proficient on the NAEP science exam in 2009 (most recent data year). Thirty-five percent of Washington’s 8<sup>th</sup> graders scored at or above proficient that year.

**Rationale:** These are subjects that students struggle with the most and where proficiency will most likely determine future academic success. Proficiency in mathematics is a key predictor for success in more complex, algebraic thinking. Proficiency in science is a key predictor for success in inquiry-based thinking.

**Measurable:** [NAEP](#) is the largest nationally representative and continuing assessment of what America’s students know and can do in various subject areas.

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*Washington state will rank among the top 10 states in bachelor’s degrees awarded per capita.*

**Baseline:** Washington state ranks **38<sup>th</sup> in the nation** based the number of bachelor’s degrees awarded per capita at the state’s public and private higher education institutions in 2009.

**Rationale:** Postsecondary attainment is critical for the vitality of our state’s economy. It is estimated that by 2018, 67 percent of new family wage jobs in Washington will require some postsecondary training beyond high school. A top ranking of bachelor’s degrees per capita indicates a higher percentage of the population prepared for career success and stronger economic prospects for our state. Growing the number of bachelor’s degrees awarded is also consistent with the recommendations of Washington’s Higher Education Funding Task Force.

**Measurable:** The [National Center for Education Statistics](#) measures the number of bachelor’s degrees awarded and the [U.S. Census Bureau](#) tracks population.

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## QUALITY of LIFE and INNOVATION:

*Washington state will rank among the 10 states with the lowest number of functionally obsolete bridges.*

**Baseline:** Washington state ranks **42<sup>nd</sup> in the nation** in the percentage of bridges deemed to be functionally obsolete (1,577 bridges or 20.3 percent of all bridges). To rank among the 10 states with the lowest percentage of functionally obsolete bridges, Washington would need to reduce its percentage of functionally obsolete bridges to less than 8 percent.

**Rationale:** Functionally obsolete bridges represent choke-points that impair safety and mobility. Improving Washington's ranking in this category will improve those factors, support commerce and encourage economic growth. To meet the top 10 goal, Washington must address bottlenecks, lane widths and shoulders, and other congestion factors on bridges.

**Measurable:** The [Bureau of Transportation Statistics](#) surveys bridge conditions annually.

*Washington state will rank among the 10 states with the highest percentage of roads in "good" or "very good" condition.*

**Baseline:** Washington state ranks **16<sup>th</sup> in the nation** in the percentage of roads deemed to be in "good" or "very good" condition based on 2008 state-by-state comparison data. Although more recent state-by-state data is not yet available, the Washington State Department of Transportation (WSDOT) reports that road conditions in our state have deteriorated since 2008. WSDOT rated 94.7 percent of lane miles to be in "good/fair" condition that year. By 2009, that number had dipped to 93 percent of lane miles.

**Rationale:** A strong road system is a critical element of the state's transportation infrastructure, contributing to the safe and efficient movement of people and products.

**Measurable:** Data are available from the [Federal Highway Administration](#) of the US Department of Transportation, and are based on the International Roughness Index (IRI) and the Present Serviceability Rating (PSR).

*Washington state will rank among the 10 states with the shortest commute travel times per person.*

**Baseline:** Washington state ranks **37<sup>th</sup> in the nation** with an average commute travel time of 25.3 minutes. To make it into the top 10 states, Washington would have to reduce its average commute travel time by 4.5 minutes (or 18 percent).

**Rationale:** Average commute time is a measure of the functional efficiency of the entire transportation system. The measure is not mode specific and simply looks at time to work. Commute time reductions will have dramatic positive effects on quality of life and productivity, as well as protecting environmental quality.

**Measurable:** The measure is developed through the [American Community Survey](#), an annual activity by the Census Bureau. Available data extends back to 1990, allowing for measurement of changes in commute time from year-to-year and for gauging the impacts of specific major regional improvements in any given time period.

## COST of BUSINESS:

*Washington state will maintain its rank among the 10 states with the lowest electricity rates (industrial and commercial).*

**Baseline:** Washington state ranks **1<sup>st</sup> in the nation** with the lowest electricity rates (industrial and commercial) with an average cost of 5.65 cents/kW-hr (2010 data). The state's five-year average price of 5.75 cents/kW-hr, well below the national average of 8.43 cents, ranked 5<sup>th</sup> overall.

**Rationale:** Electrical power represents the main energy cost for most businesses and is thereby a key indicator of business costs.

**Measurable:** The [U.S. Energy Information Administration](#) collects industrial and commercial rate information from all 50 states and produces comparative reports. The data collected present the average price of the commercial and industrial electricity prices paid annually in each state, expressed in cents per kilowatt-hour (kW-hr).

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**COST of BUSINESS:**

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*Washington state will stay out of the 10 states for high state/local business tax burden relative to private sector GSP.*

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**Baseline:** Washington state ranks **36<sup>th</sup> among the states** based on lowest business tax burden as a share of private sector gross state product (FY 2010). Washington's business tax burden is higher than that of most Western states, particularly as compared to neighboring states Oregon and Idaho.

**Rationale:** Washington ranks among the more costly states for businesses in terms of state and local tax burden. Improving this ranking through reductions in business taxes will make Washington more attractive to current and prospective employers and encourage job creation and expansion.

**Measurable:** Ernst & Young produces a well-regarded [annual study for the Council on State Taxation \(COST\)](#) that compares state and local taxation of business across the 50 states.

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*Washington state will get out of the 10 states with the highest unemployment insurance tax rates.*

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**Baseline:** Washington state ranks **46th in the nation** in terms of lowest unemployment insurance (UI) tax rates (or the 5th highest). Our state's UI tax rate per employee decreased slightly from \$809 in 2010 to \$803 in 2011. The national average in 2011 was \$455 (preliminary estimates).

**Rationale:** High UI taxes contribute to high business costs and discourage job creation and investment in the state. Long periods of high unemployment drain the state UI trust fund, which leads to higher UI tax rates. Reducing this cost will improve the business climate and encourage employers to keep and create jobs here. Washington's ranking improved slightly in 2011 following key reforms adopted in 2011, and should continue to improve in future years.

**Measurable:** The U.S. Department of Labor collects and reports on state data annually.

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*Washington state will get out of the 10 states for highest workers' compensation benefits paid.*

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**Baseline:** Washington state is the most expensive state, ranking **50th in the nation**, for workers' compensation-benefits paid per covered worker in 2009 (the most recent available data). That year, Washington provided an average of \$857.32 per covered worker, which is nearly twice the national average of \$448.94.

**Rationale:** The cost of Washington's workers' compensation policies to employers is directly related to the amount of benefits paid out. Although the total number of injured worker claims is going down, the cost of Washington's workers' compensation state fund and the amount of time injured workers are out of work continue to rise. Washington's ranking should improve in future years following key reforms adopted in 2011.

**Measurable:** The [National Academy of Social Insurance](#) produces an annual report comparing workers' compensation benefits among the 50 states. The data include all employers in each state.

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