

BENCHMARKS *for a* BETTER WASHINGTON

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

To become and stay competitive in the global economy, Washington must pursue a balanced strategy that encourages innovation, high quality of life and a healthy business climate. In 2011, the Washington Roundtable articulated a vision for Washington state: **Make it 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.** To measure progress, the Roundtable established the [Benchmarks for a Better Washington](#), a discrete set of metrics that speak to the heart of what constitutes a world class state – a climate of 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 and draw attention to opportunities for improvement.

In the three years that the Roundtable has tracked the Benchmarks:

- Washington has maintained its edge in patent generation (ranking 5th nationally) and low commercial and industrial electricity rates (ranking 3rd nationally).
- Washington ranked among the top 10 states for private sector job creation in 2012, but fell to 16th in the 2013 analysis. The best thing Washington can do to grow its job base is fill its skills gap – the difference between skills needed by employers and those possessed by potential employees. The Roundtable’s 2013 study, “[Great Jobs Within Our Reach](#)” found that Washington would gain 160,000 jobs –across many sectors of its economy – if it filled its job skills gap, generating \$720 million in new state tax revenues annually.
- Washington must make faster progress to improve its education system. Washington ranks among the bottom half of all states in high school graduation rates (32nd) and bachelor’s degrees awarded per capita (39th). Improvements to the education pipeline and better alignment with workforce needs will create great opportunities for our citizens and our state.
- The status of Washington’s transportation system has become increasingly concerning with road condition rankings dropping from 16th (2012 ranking based on 2008 data) to 29th (2013 ranking based on 2011 data). Further, Washington ranks 41st for bridge conditions, with 21.6 percent of bridges deemed functionally obsolete. In [a study](#) released last year, the Roundtable identified more than \$3 billion in maintenance, operations and preservation needs over 10 years. If we don’t start to address these issues, more than 50 percent of the pavement on our state’s highway system will be rated in poor or very condition in 10 years.
- Business cost rankings have been mixed, with rankings among the bottom third of all states for business tax burden (36th), unemployment insurance tax rates (40th) and workers’ compensation benefits paid (50th). However, recent reforms to the state’s unemployment insurance system seem to be paying off as the state moved from 46th place in last year’s analysis to 40th this year (based on estimated 2012 contribution rates).

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 Benchmarks help chart Washington’s progress.

QUALITY OF LIFE: EDUCATION

JOB GROWTH & INNOVATION

QUALITY OF LIFE: TRANSPORTATION

BUSINESS COSTS

QUALITY OF LIFE: EDUCATION

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



32nd

Rationale: Raising the state high school graduation rate, with the ultimate goal of ensuring all students in Washington graduate, will provide young people the opportunity to successfully enter college or the workplace.

Current ranking: Washington ranks 32nd in the nation with an adjusted cohort high school graduation rate of 76 percent for the class of 2011. Nearly a quarter of students don't make it to graduation on time and Washington remains far from the top 10.

Previous ranking: 37th based on the four-year averaged freshman high school graduation rate for the class of 2010.

Source: [U.S. Department of Education](#). Note: The 2012 Benchmark analysis used U.S. Department of Education data comparing the on-time average freshman graduation rate. Beginning in 2010-11, all states began reporting an [adjusted cohort graduation rate](#).

Washington will rank among the top 10 states in performance in math.



12th

Rationale: Math and science 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.

Current ranking: Washington ranks 12th when compared to all states based on the percentage of 8th grade students who scored at or above proficient on the math portion of the 2011 National Assessment of Educational Progress. Forty percent of students met that standard in 2011.

Previous ranking: The same data was used in the 2012 and 2013 analysis. Results from the 2013 assessment are expected later this year.

Source: [National Assessment of Educational Progress](#)

Washington will rank among the top 10 states in performance in science.



18th

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

Current ranking: Washington ranks 18th when compared to all states based on the percentage of 8th grade students who scored at or above proficient on the science portion of the 2011 National Assessment of Educational Progress. Thirty-six percent of students met that standard in 2011.

Previous ranking: The same data was used in the 2012 and 2013 analysis. Results from the 2013 assessment are expected later this year.

Source: [National Assessment of Educational Progress](#)

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



39th

Rationale: Seventy percent of jobs in Washington state will require postsecondary training by 2020. It is imperative that Washington prioritizes higher education and does a better job of preparing its citizens to succeed.

Current ranking: Washington ranks 39th in the number of bachelor's degrees awarded per capita by the state's public and private higher education institutions in 2011. Washington is in danger of falling into the bottom 10.

Previous ranking: 38th based on the number of bachelor's degrees awarded per capita in 2009.

Source: [National Center for Education Statistics](#)

QUALITY OF LIFE: TRANSPORTATION

Washington will rank among the 10 states with the lowest percentage of functionally obsolete bridges.



41st

Rationale: Functionally obsolete bridges impair safety and mobility. Improving Washington's ranking in this category will improve those factors, support commerce and encourage economic growth.

Current ranking: Washington ranks 41st in the nation in the percentage of its bridges deemed functionally obsolete (21.6 percent of bridges are classified this way).

Previous ranking: 42nd based on the percentage of bridges (20.3 percent) deemed functionally obsolete in 2010.

Source: [Bureau of Transportation Statistics](#)

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



29th

Rationale: A strong road system is a critical element of the state's transportation infrastructure, necessary for the safe and efficient movement of people and goods.

Current ranking: Washington state ranks 29th in the nation with 62 percent of road pavement (urban and rural) deemed to be in "very good" or "good" condition.

Previous ranking: 16th in the nation based on the percentage of roads deemed in "good" or "very good" condition in 2008.

Source: [Federal Highway Administration](#), National Highway System International Roughness Index, 2011.

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



37th

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.

Current ranking: Washington ranks 37th with an average statewide commute time of 25.5 minutes. The average commute time along the I-5 corridor is particularly congested. According to the Texas Transportation Institute's 2012 mobility report, commuters in the [Seattle](#) urban area lost 48 hours to traffic delays and congestion in 2011.

Previous ranking: 37th with an average statewide commute time of 25.3 minutes in 2010.

Source: [American Community Survey](#)

BUSINESS COSTS

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



3rd

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

Current ranking: Washington state ranks 3rd in the nation for the lowest electricity rates (industrial and commercial) with an average cost of 6.04 cents per kilowatt hour in 2011. The state's five-year average price of 5.88 cents per kilowatt-hour ranks the state 2nd overall.

Previous ranking: 1st in the nation based on average industrial and commercial electricity rates per kilowatt hour in 2010.

Source: [Washington State Economic Climate Study, December 2012 Volume XVII](#)

Washington will stay out of the 10 states with the highest state and local business tax burden relative to private sector gross state product (GSP).



36th

Rationale: Business tax burden is a critical factor in employer decisions to keep or create jobs in a given location. A competitive business tax burden will encourage growth in Washington and better enable employers to be successful here.

Current ranking: Washington ranks 36th based on state and local tax burden as a percentage of private sector GSP (FY 2011). Businesses in 35 other states shoulder a lower state and local tax burden than those in Washington. Washington's business tax burden is higher than that of most Western states, particularly as compared to neighboring states Oregon and Idaho.

Previous ranking: 36th based on state and local tax burden in FY 2010.

Source: [Ernst & Young COST "Total state and local business taxes," July 2012](#)

Washington will not be among the 10 state with the highest unemployment insurance tax rates.



40th

Rationale: High unemployment insurance taxes contribute to high business costs and discourage job creation and investment. Reducing this cost will improve the business climate and encourage employers to keep and create jobs here.

Current ranking: Washington state ranks 40th in the nation for lowest unemployment insurance (UI) tax rates (or 11th highest). Our state's tax per average full-time employee in 2012 was \$676 (estimated). This is considerably more than the national average of \$474 (estimated).

Previous ranking: 46th based on unemployment insurance tax rates in 2011.

Source: [U.S. Department of Labor, Employment & Training Administration](#)

Washington will not be among the 10 state with the highest workers' compensation benefits paid.



50th

Rationale: The cost of Washington's workers' compensation policies to employers is directly related to the amount of benefits paid out. Workers' compensation benefits paid is the best available 50-state comparative measure of the tax on employment.

Current Ranking: Washington is the most expensive state in the nation for workers' compensation benefits paid. In 2010, Washington provided an average of \$865.67 per covered worker (or 1.8 percent of covered wages). The national average was \$443.47 per covered worker (2010 data).

Previous ranking: 50th based on workers' compensation-benefits paid per covered worker in 2009.

Source: [National Academy of Social Insurance](#)

JOB GROWTH & INNOVATION

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



5th

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

Current ranking: Washington maintains its previous position, again ranking 5th in the nation in the number of utility patents issued in 2012. That year, 5,390 utility patents were issued to inventors in Washington state.

Previous ranking: 5th in the nation based on total utility patents issued in 2011.

Source: [The U.S. Patent and Trade Mark Office](#)

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



16th

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

Current ranking: Washington ranks 16th in the nation in the percentage of private sector (non-government) job growth (year-over-year growth from 2011 to 2012). Washington added 46,300 private sector jobs in 2012, for a job growth rate of 2 percent over the previous year.

Previous ranking: 8th in the nation based on the percentage increase in private sector jobs from 2010 to 2011.

Source: [U.S. Bureau of Labor Statistics](#)