



OUR STATE AND OUR PEOPLE

A look to our recent past reminds us how much has changed in a short period of time, and what Washingtonians must do to compete in this new global marketplace.

In 1960, Washingtonians were enjoying an era of unprecedented American prosperity. Incomes were rising. A high school education was all you needed to secure a well-paying, steady job, which came with a generous pension and health care benefits. New suburban development and financing programs made homeownership affordable and accessible to average middle-class families. The economy was booming and growth was still manageable.

Now, a more connected world and new technologies have changed the economic playing field. These changes have provided great opportunities, but have also presented new challenges for American families and communities.





What Are Washington's Strengths?

Today, steady, family-wage jobs often require a college degree, or even a graduate degree. Families see more of their paychecks consumed by the costs of health care, housing, and transportation. Fortunately, Washington has some unique strengths that can help us meet these challenges.

We are fortunate to live in a place that has become a hub of this global knowledge economy. Long a center of innovative thinking and entrepreneurship, Washington has been the birthplace of some of the most pioneering companies of the 21st century economy, like Boeing, Microsoft, Amazon.com, Starbucks, Nordstrom, REI, RealNetworks, PACCAR, and Costco. Our dynamic agricultural and resource management sectors are similarly knowledge-driven, using inventive ideas to increase productivity.

Washington has distinct competitive advantages. Our state is a global leader in philanthropy, a hub of cutting-edge medical research and treatment, and a pacesetter in new fields like global health. We export more goods than 46 of the 50 states. Our natural beauty and abundant resources have attracted talented people and created new jobs. Our Pacific Rim location and historic ties to Asia have led to new partnerships with the booming economies of China and India. While seizing these new opportunities, we haven't lost sight of the core values that make this state unique.

The state of Washington is one of the world's leading innovation regions. Forbes.com recently ranked Washington as one of the Top Five States for Business, moving to 5th in the nation in 2007 from 12th

place in 2006. Washington has one of the nation's top five knowledge-based economies, according to the Information Technology and Innovation Foundation's 2007 State New Economy Index. In 2007, Washington ranked fourth in total exports — behind only California, Texas and New York.

Yet despite our regional advantages, Washingtonians still face big challenges. High-quality jobs require access to affordable education. This state attracts many college-educated workers, but it still does not give enough of our children the opportunities to earn college degrees and compete for good jobs here at home. Growth has brought transportation problems, increased health care demands, and new threats to our environment. Globalization and the technology-driven economy have benefitted some Washington families greatly, but others have not yet been able to take full advantage of these new opportunities.

MEETING OUR GLOBAL CHALLENGE BECOMES MORE DIFFICULT IN LEAN ECONOMIC TIMES WHEN RESOURCES ARE TIGHT. INVESTMENTS MUST BE EVEN MORE STRATEGIC AND FOCUSED ON THE UNIQUE ASSETS THAT KEEP WASHINGTON MOVING FORWARD. THE UNIVERSITY OF WASHINGTON IS ONE OF THESE ASSETS.

Where Should We Invest?

A closer look at the statistics behind the recent history of Washington's economy shows that success has been driven by the contributions of skilled people, targeted places and key universities. These contributions have economic ripple effects that benefit the entire state and produce large returns on investment.

**PEOPLE:
EVERY 1% INCREASE IN COLLEGE-EDUCATED WORKERS MEANS \$1.4 BILLION FOR THE WASHINGTON ECONOMY**

Having a highly educated workforce helps all Washington families prosper. Because college-educated workers earn more money, every 1% increase in workers with bachelor's degrees in the state of Washington is estimated to inject another \$1.4 billion into our state economy. Adding 1% more workers with graduate and professional degrees can mean another \$2.5 billion for the state.

College-educated workers in fields of science, technology, engineering, mathematics (STEM fields), and the health sciences provide an even more concentrated boost to the economy. Technology industries have made significant contributions to income and productivity increases in Washington. In 2007, technology industries were responsible for directly and indirectly creating 40% of the state's total jobs and sales, labor income, and tax revenues. Long-term employment in this sector has grown 250% faster than the overall job base.

By increasing state income levels, boosting levels of productivity, and producing positive spillovers into other core economic sectors, the presence of highly-skilled, college-educated workers has a direct impact on Washington's prosperity. A workforce consisting of large numbers of educated individuals benefits all parts of the state, and all sectors of the economy.

COLLEGE-EDUCATED WORKERS IN HIGH-SKILLED FIELDS BOOST STATE INCOME AND DRIVE JOB GROWTH

In the 21st century economy, workers with college and graduate degrees are a critical contributor to regional economic dynamism. Research shows that higher education levels in the population boost individual incomes and, in turn, total economic output. With close to 30% of its population holding a bachelor's degree or higher, Washington ranked above the national average and 11th among all states according to the 2000 census. Parts of the state have even higher levels of college-educated populations; close to 36% of the adult population of the four-county Puget Sound region had a bachelor's degree or more in 2005.

"We have great students, and that's not going to end any time soon. The freshman classes we have admitted the past few years have been among the brightest and most diverse in our history. I have every confidence they are going to accomplish remarkable things."

- UW PRESIDENT MARK A. EMMERT, '75

The high educational attainment of the adult population is a critical asset for Washington, but this is not the result of an above-average production of college graduates. Instead, it is primarily because college-educated people are moving here from somewhere else. We import our educated workers rather than educating them here.

Through strategic higher education appropriations and metrics, the state of Washington is taking important steps to increase the numbers of Washingtonians who receive the degrees they need to compete and lead in the global economy. With sustained investment in this area, Washington can be a place that gives our children the opportunities to compete for good jobs right here at home.

**PLACES:
METROPOLITAN AREAS IN ALL PARTS OF WASHINGTON
ARE NOW HUBS OF STATE ECONOMIC OUTPUT**

In the 21st century economy, cities, towns, and suburbs increasingly drive economic dynamism. Cities, suburbs, and their surrounding rural areas have become powerful and closely interconnected economic units. This is particularly clear in the state of Washington, where 12 metropolitan areas account for 93.7% of the state's economic activity – with two-thirds produced in the Puget Sound region.

Urbanization is nothing new for Washington — the majority of its citizens have been living in urban areas since 1920. What has changed is that metropolitan regions across Washington have become larger, more diverse, and more dominant forces in economic prosperity and statewide quality of life. Technology, logistics, health-care, and business services cluster in urban and suburban places. Core economic sectors like agriculture, forestry and resource management increasingly rely upon the technologies, personnel, infrastructure, and distribution networks based in Washington's metropolitan areas.

Metropolitan areas across the state of Washington are making significant contributions to the state economy because of the people and jobs that cluster here. Puget Sound has six major employment centers containing over 1.7 million jobs. The Spokane metropolitan area is the business and innovation hub of the Inner Northwest region and in 2007 was in the top 15% of metropolitan areas of the nation in terms of job growth. The bi-state region of Portland-Vancouver-Beaverton is the Northwest's second-largest metropolitan economy. Vancouver alone is home to over 82,000 jobs.

THE PEOPLE OF THE UW REVITALIZE THE SOUTH SOUND

"Nothing breathes new life into an inner-city ghost town like a couple thousand college kids."
– Outside, August 2008

Outside magazine recently named Tacoma one of the nation's five best towns in which to live, and it credits UW Tacoma as a major force in downtown revitalization. Since opening its doors in 1990, UW Tacoma has not only brought college students into the downtown area, but it has renovated historic buildings

and created a campus that has won national awards for sustainable urban development, architecture and historic preservation.

The presence of a large, highly-ranked teaching and research institution with three campuses in Washington's largest metropolitan area has been a critical factor driving this state's economic dynamism. It also will be a critical asset in meeting the problems we now face as a result of this growth and the challenges we will face in the future.

WE MUST EDUCATE OUR OWN TO STRENGTHEN THIS KNOWLEDGE-BASED ECONOMY

Level of Educational Attainment for Washington Residents

- 30%** bachelor's degree or higher
- 36%** some college or associate degree
- 34%** high school or less

College educated workers tend to have higher individual incomes, boost economic output, and live in metropolitan areas.

Share of adults with a bachelor's degree or higher by region:

- 35%** King / Pierce / Snohomish / Thurston
- 29%** Whatcom County
- 24%** Benton / Franklin
- 24%** Clark County
- 27%** National Average in United States

People moving to Washington from other states/countries are more likely to have a bachelor's degree or higher than those who grew up in Washington.

38% of new WA residents vs. **28%** of WA residents

**IT IS TIME TO TAKE CARE OF OUR OWN AND EDUCATE THEM FOR
A KNOWLEDGE-BASED ECONOMY TO BE SHARED STATEWIDE**



The three largest Washington metropolitan areas are centers of information technology, business services, education and health care — industries that the Bureau of Labor Statistics predict will be among the fastest-growing nationwide between now and 2016. All 12 Washington metropolitan areas are centers of innovation for agriculture and resource management and utilization, making these mainstays of the Washington state economy better prepared to compete and succeed in the decades ahead.

As a result of this clustering, Washington metropolitan areas have higher-than-average concentrations of what the Brookings Institution has identified as “critical assets” for prosperous economies: innovation, human capital, infrastructure and quality places.

In today’s economy, the urban-rural divide is disappearing. The metropolitan areas that contribute 93.7% of Washington’s total economic output encompass high-rise downtowns and suburban job centers, high-tech campuses and working farms, city parks and rural green spaces. All of these places are economically interconnected. The health of each part depends on the prosperity of the whole.

This prosperity has positive spillover effects for the rest of the state. A growing economy and high-skilled workforce in metropolitan areas generates more income and revenues for the entire state of Washington. The presence of globally connected firms and strong ties to international trade make the Pacific Northwest less vulnerable to domestic economic downturns. Metropolitan educational and health care assets serve citizens across the state and the greater Pacific Northwest.

University students, faculty, and staff produce ideas that grow all sectors of our economy, and they help make communities healthy and dynamic. They increase levels of skilled human capital by giving students the degrees they need to compete. As state and national economies have grown more urban-centered, research universities located in regional centers have played an increasingly important economic and social role. This is as true here as it is in Stockholm, Shanghai and Silicon Valley.

**UNIVERSITIES:
STRONG UNIVERSITIES = STRONG ECONOMIES**

**INTERNATIONAL EXPERTS ON COMPETITIVE ECONOMIES
ALL COME TO THE SAME CONCLUSION: THE PRESENCE
OF A STRONG, ENGAGED RESEARCH UNIVERSITY IS AN
ESSENTIAL INGREDIENT OF REGIONAL PROSPERITY**

UNIVERSITIES ARE STATE RESOURCES THAT HELP ALL PARTS OF WASHINGTON THRIVE. THE UNIVERSITY OF WASHINGTON IS ONE OF THESE INSTITUTIONS

The people of the UW drive prosperity in three major ways:

1) Teaching and learning

Students enroll at the UW campuses from every part of this state. Many graduates of the UW finish college with skills in high-demand disciplines, hands-on research experience, and a global perspective that prepares them to be active contributors to the new economy. In fall 2007, 35% of UW students were enrolled in course-work in science, technology, engineering, and mathematics (STEM) disciplines. There has been a 7% increase in students majoring in these disciplines in just one year.

2) Innovation and Economic Growth

The UW is a \$3.4 billion enterprise. For more than 30 years, the faculty and programs of the UW have received more federal research grants than any other public university in the United States. Over 200 new companies have been created based on

UW research advances. In the past five years alone, UW TechTransfer operations have brought over 1,000 new life-changing inventions to the market and generated over \$100 million in revenue. While national investments in research declined, research activity at the UW and in our state continues to grow. Federal grants and contracts awarded to the UW have doubled since 1994; R&D activity in the state of Washington has increased. Research investment translates into jobs in rapidly growing fields, from life sciences to health care to sustainable technology.

3) Healthy Lives and a Healthy Washington

True regional prosperity requires not only a dynamic economy, but it also demands equal access to opportunity and a sustainable environment. The people of the UW help the state of Washington build this kind of prosperity. Through teaching and research in areas like environmental sustainability and health care, the people of the UW are helping us better understand how our world is changing. Working together, we can find bold solutions to the problems that most concern Washington’s families and communities.



UW STUDENTS: MAKING A DIFFERENCE

- The UW is #1 in Peace Corps volunteers, with 120 alumni serving around the world in 2008.
- The UW is one of the nation’s top 20 universities for U.S. students studying abroad. The number of American students studying abroad increased by 8% in the 2006-07 academic year according to *Open Doors 2008* report.
- In response to the 7.9 magnitude earthquake that struck China’s Sichuan Province earlier this year, UW exchange students studying at Sichuan University created an organization, China Earthquake Aid, to assist local organizations. Students created a Website to collect donations and share progress, and participated in an airlift of 100 tents to some of the most devastated, remote areas.