Economy
National Picture – Years of Slow Growth

- December non-farm private-sector job growth was lackluster at 153,000
- Federal Reserve announced a rate hike of 0.25 percent in December
- U.S. economy is predicted to grow at 2 percent; 4 percent is needed
- Health care costs skyrocketing
- Regulation hurting economy
- Fourth quarter 2016 Real GDP Growth = 1.9%

Real Gross Domestic Product
(Chained 2009 Dollars)
Opportunity to generate faster growth

- Slow 1% to 2% economic growth since the end of the Great Recession isn’t enough to grow jobs, incomes and opportunities.

- Opportunity under new administration to enact reforms that could lead to high-growth economy.

**SURVEY SAYS**
Manufacturers were asked how regulations are affecting them:

- 87% Eighty-seven percent say that if compliance costs were reduced permanently and significantly, they would invest the savings on hiring, increased salaries and wages, more R&D or capital replacement.

- 94% Ninety-four percent say the regulatory burden has gotten higher in the past five years, with 72 percent saying “significantly higher.”
Housing Market Recovery

- Home value growth expected to slow nationally in 2017
- Tri-Cities will remain a “sellers market”
Small Business Strength

- Washington top-ranked state for small business in Paychex/IHS Small Business Jobs Index
- Seattle is the top-ranked city
- Nationally, small business growth has plateaued, but at a solid pace of employment gains
Washington Unemployment by Counties

December 2016
County unemployment rates, not seasonally adjusted

Legend
- 6.0% or less
- 6.1% to 7.0%
- 7.1% to 8.0%
- 8.1% or greater
Economy

Job growth and decline across state

Economy

Business Totals By Location
Service & Other Activities
Fiscal Year 2016

Out of State: 16,234
Manufacturing – Best Growth Since Recession

- Of the 32 states that average more than 100,000 manufacturing jobs overall, Michigan has attracted the largest percent of growth with 32.49% since 2010.
- Washington ranks No. 14 at 9.74%.
- California, which published this graphic, was 24th out of 32 with 2.57%.
Policy
State of the State: Washington Critical Issues

Legislative session on tap

- 2017 Issues
  - Education funding ("McCleary Decision")
  - Gov. Inslee’s carbon cap
  - Predictive/Restrictive scheduling
  - Paid leave, FMLA & pay equity
  - State budget
  - State taxes
Messages

1. Bring people together to create economic opportunity for all Washingtonians
2. Encourage private-sector innovation, entrepreneurship and job growth
3. All costs matter
4. We want to solve problems and create a healthier economy
5. We need efficient and effective regulations
6. We must get different outcomes for our investments
7. Washington families are still struggling
8. We will do our fair share
Education Funding Proposals

- 3 Proposals
  - Gov. Inslee
  - House Democrats
  - Senate Majority Coalition Caucus
- All increase salaries for teachers
- All increase funding for students
- All call for approximately $14 billion in education spending for 2018-19
- Governor and House Democrat plan calls for new taxes
  - Carbon tax
  - Capital gains tax
  - B&O tax on services
  - Removal of incentives
- Majority Coalition Caucus
  - No need for new revenue
  - Relies on property tax reforms, increasing state revenue because of economic growth
Obama counties that went to Trump
National Infrastructure

- Convening cities, counties and ports to prepare one statewide report to ensure we are ready to respond when Congress takes action
Workforce Development & Community Colleges

- Strong partnership with SBCTC
- Preparing for the “silver tsunami”
- Developing the next-generation workforce
- Leadership Washington
Tri-Cities
Tri-Cities Ends 2016 as Fastest-Growing Washington Job Market

- Annual growth rate of 3.6 percent.
- Top three economies for 2016 all in Eastern Washington, with Wenatchee and Spokane rounding out the list.
- Tri-Cities economy added 3,800 jobs in 2016
PNNL Fueling Economic Growth

- Total economic output: 1.38 billion = payroll + domestic goods and services, generating 6,995 jobs is Washington and $519 million in Washington state wage income. (DIRECTLY)
- $1.14 billion more in PNNL-related output – health care, companies with PNNL roots, visitors and retirees; generating 5,687 jobs in Washington state and $422 million in Washington wage income.
- 71 of 170 companies tied to PNNL are in Washington state
  - Bringing an $567 million estimated revenue to Washington state
  - 2,293 employees in Washington state.
Driven by Research

- Smart sensors: could radically reduce energy use in manufacturing and improve manufacturing productivity.
- Power Grid: A $2.25 million Clean Energy Fund grant is helping with groundbreaking work that shifts when and how much energy is used by devices and buildings.
- Collaboration: PNNL signed an MOU with UW and WSU late last year to increase institutional-level collaboration in key areas of mutual interest.
Mid-Columbia Energy Initiative

- Region’s only operating nuclear power plant
- Hydro
- Wind
- Solar
- SMR – potential
- Bio-fuels
- Smart grid research
Rivershore Enhancement

- Columbia River shoreline under control of Corps of Engineers for decades
- Corps pays zero for maintenance of levees and lands along the river
- Tri-Cities Rivershore Enhancement Committee – Five studies since 1988, all say riverfront is underutilized “crown jewel” of community
- Snake River Dams
  - Federal agencies ordered to re-open EIS to examine possible breaching
Diverse Economy

- PNNL
- Agriculture
- Food Processing
- Energy
- Medical
- Hanford
- Manufacturing
- Higher Education
Questions?

Thank You

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