

Life Science and Global Health Development in Washington State

FUTURE AT RISK

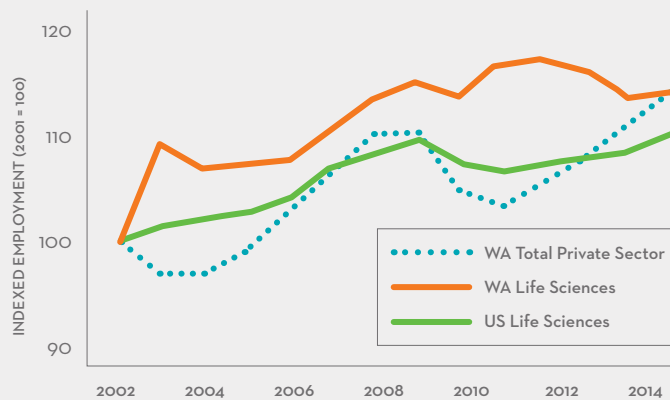
OVERVIEW

Over the course of a decade, Washington state made a series of targeted investments in the life science industry that helped the state become a nationally recognized leader in life science discovery and innovation. As a result, the industry became an important economic driver, supporting more than 140,000 jobs across the state. The industry’s employment growth from 2001-2011 dramatically outpaced both private sector job creation in Washington and life science employment growth nationally while also providing a buffer against both recessions that occurred during that timeframe. In recent years, as competitive states have doubled down on their efforts to recruit life science companies, Washington has eliminated virtually all its industry-supportive policies. Today, Washington’s life science industry shows signs of stagnation, including a decline in jobs, and industry leaders are questioning the state’s commitment to retaining and growing one of its most impactful industries.

The Life Science Industry has an Outsized Economic Impact

- Average annual industry wages in Washington reached \$82,000 in 2014, 49 percent more than the state’s average private sector wage (\$55,000).
- Every life science industry job in Washington creates another 3.8 jobs across the state.
- 60 percent of jobs in the life science manufacturing sector are middle-skills jobs.

Washington State Stagnating in Life Sciences Employment After a Strong Decade of Growth



Washington’s Life Science Industry Saw a Decade of Strong Job Growth

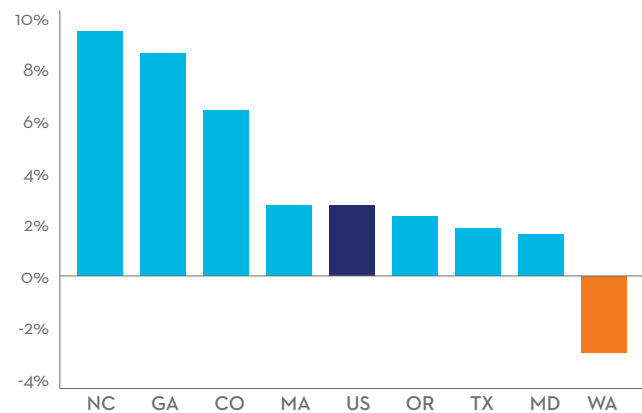
- With the help of supportive public policy, the state added more than 4,300 jobs – a 17 percent growth rate, compared to just 5 percent growth in total private-sector jobs in Washington from 2001-2011.
- This double-digit growth (17 percent) far exceeded life science growth nationally (7 percent) and established a life science cluster that stood out nationally.
- During the recessions of 2001-2002 and 2007-2009, Washington’s life science industry added jobs while most other industries suffered significant losses.



Today, Washington's Life Science Industry Shows Signs of Stagnation

- Losing more than 900 jobs (3 percent of its job base) from 2011-2014, compared to the industry's 2.7 percent job growth nationally.
- Posting a decline in patent activity from 2012-2015, compared to the industry's 15 percent increase in patent activity nationwide.
- Growing its R&D expenditure by 11 percentage points, compared to 19 percentage points for the industry nationwide.
- Washington remains a national leader in attracting federally funded life science research, but is falling behind in translating that research into industry-led R&D and related job growth.

Recent Trends in Life Sciences Employment, Washington vs. Comparison States, 2011-14



These Signs of Stagnation Coincide With Declining State Support for the Life Science and Global Health Industries. All of the Following Initiatives Have Now Expired or Been Eliminated:

- State R&D tax incentives
- The Life Sciences Discovery Fund
- The Washington Global Health Fund
- The Biotechnology & Medical Device Manufacturing Tax Incentive

CALL TO ACTION / STRATEGIC PRIORITIES

The work of the Governor's Life Science and Global Health Advisory Council has made clear that **for Washington to re-establish and maintain its position as a leading state for life science and global health it must act now!**

Four strategic priorities to accomplish that goal are identified in the Council's report:

- 1 Reinstatement of the R&D tax incentives.**
- 2 Support entrepreneurship and company creation statewide.**
- 3 Attract major corporate innovation centers.**
- 4 Retain mid-sized companies with high growth potential.**

LIFE SCIENCE & GLOBAL HEALTH ADVISORY COUNCIL

In October 2015, Governor Jay Inslee created the Life Science & Global Health Advisory Council to evaluate Washington state's position relative to other states in these sectors and to highlight opportunities for future growth. The Council brought in a leading national consulting firm, TEconomy Partners, to conduct the evaluation. The Council's report, released in February 2017, offers a troubling picture of the current life science landscape and identifies four strategic priorities for putting Washington's life science industry back on a growth trajectory.

MORE INFORMATION

The full report, titled "*Life Science and Global Health Development in Washington State: Future at Risk*," is available at LifeScienceWA.org.