WASHINGTON'S AEROSPACE SECTOR

Ensuring a Robust, Competitive and Innovative Industry

Our state's aerospace industry fuels jobs for thousands of Washington families and travel for billions of passengers each year. Washington is home to more than 720 aerospace-related companies that design and manufacture products ranging from tires to bolts to in-flight entertainment systems. Under the leadership of Governor Gregoire, Washington has made enormous strides to keep state businesses thriving in a competitive global economy through investments in workforce training, education at the elementary through graduate levels, infrastructure and other areas.

SECURING A PROSPEROUS FUTURE

Over eight years, the Governor has worked hard to ensure that Washington's aerospace future remains robust. To this end, she initiated a number of actions:

- Attended the Paris Air Show in 2005 and 2011 to meet with numerous aerospace companies to ensure Boeing has the supply chain it needs to build planes safely and efficiently. The Governor will attend the Farnborough Air Show in England this summer.
- Created the Washington Council on Aerospace in 2009 to oversee state efforts to ensure we remain the world's leading location in which to design and build airplanes.
- Convened the Washington Aerospace Partnership in 2010 to encourage collaboration among business, labor and government leaders to ensure Washington continues to be a leader in aerospace excellence. The partnership initiated Project Pegasus in 2011, which helped secure Washington as the location for building the next iteration of the 737 aircraft.
- Successfully led a national coalition of governors supporting Boeing's bid for the Air Force's aerial refueling tanker. Winning the contract means the creation of 11,000 jobs for Washington.
- Supported Boeing and the International Association of Machinists and Aerospace Workers in reaching a historic labor accord.
- Signed legislation to help complete the supply chain for the state's aviation biofuels industry.
- Set up the Governor's Office of Aerospace in 2012 to continue advancing the state's interests in keeping a competitive industry.

BOOSTING WORKFORCE TRAINING

In 2009, the Governor invested **$1.5 million** of her federal Workforce Investment Act, or WIA, funding in aerospace training to:

- Develop industry-driven training centers at Everett's Paine Field and Spokane International Airport;
- Buy new equipment in our colleges;
- Support K-12 programs that build an interest in STEM (science, technology, engineering and math) fields and skills for aerospace crafts and professions among students
- Inform students of the academic requirements needed to enter the aerospace field;
- Align curriculum throughout the state; and
- Facilitate the transfer of research findings into training curricula.

In 2011, the Governor invested **$3 million** in WIA funds at her discretion to put Washingtonians to work in aerospace. Funds were used to:

- Purchase equipment, classroom space and materials to train up to 180 students;
- Train 175 students in fields requested by industry, such as aircraft assembly and power plant mechanics;
- Recruit and train 135 more students at the Washington Aerospace Training Center, Inland Northwest Aerospace Technology Center and Renton Technical College, and purchase necessary equipment; and

In 2011, Washington was awarded a $20 million Air Washington federal grant over three years to train more students in aerospace skills.

In 2012, the Governor signed into law measures she requested to:

- Create a Center for Aerospace Technology Innovation at the University of Washington and Washington State University to advance research on new technologies for products in aviation, aerospace and defense;
- Enhance the responsiveness of training for aerospace manufacturing with input from an industry-led advisory board; and
- Set up three grant programs to foster a high school-to-postsecondary education and training pipeline to good-paying jobs in fields with projected high demand for employees. One program is for high schools to prepare students for employment as entry-level aerospace assemblers; a second program is for skill centers to implement enhanced manufacturing skills programs; and a third program is for high schools to implement specialized STEM courses.

SUPPORTING EDUCATION

In the past six years, Washington has made these foundational investments in K-12 and higher education:

- Project Lead the Way courses that emphasize problem-solving in high school **$450,000**
- Training hubs at skills centers **$150,000**
- Aerospace assembler program expansion **$300,000**
- New, more rigorous math and science standards and assessments **$11.4 million**
- Science classroom materials and training (LASER) **$12.6 million**
- Regional math and science teacher trainers **$15 million**

- Enhanced math and science teacher professional development **$43.7 million**
- Aviation High School facility in the Highline School District **$4.4 million**
- Washington Aerospace Scholars, created in partnership with NASA and the Museum of Flight, teaches high school juniors about space exploration and allows those selected to work with engineers and scientists in a summer residency program.
- Opportunity Grants **$5 million from the state; Microsoft and Boeing have pledged $25 million each. In 2012, 3,000 scholarships of $1,000 were awarded for students seeking a four-year degree in STEM**
- Engineering degrees for 850 more students at the University of Washington and Washington State University **$7.6 million**
- Over the past five years, Washington has invested **$4.8 million** for aerospace training and apprenticeship programs at the community and technical colleges.
- Over the past five years, Washington has invested **$16 million** to increase math and science enrollments in the public four-year institutions.

INVESTING IN INFRASTRUCTURE

- Big Bend Community College Aviation Program **$500,000**
- Spokane International Airport for construction of a new hangar for operation of Associated Painters and Cascade Aerospace **$4 million**
- Spokane Area Professional-Technical Skills Center design **$1.8 million**
- Snohomish County Paine Field for expansion of the Washington Aerospace Training and Research Center **$500,000**
- Aerospace equipment for the technical and community colleges **$2.6 million**
- Aerospace and manufacturing training equipment statewide pool **$2.3 million**

ENCOURAGING AEROSPACE DEVELOPMENT

(All incentives expire in 2024)

As a result of legislation passed in 2003, 2006 and 2008, four tax incentive programs apply to those engaged in the following activities:

- Manufacturers of commercial airplanes, their component parts and military derivatives;
- Non-manufacturers who design and engineer these items;
- Manufacturers and/or designers of tooling these items; and
- Those who repair, maintain, overhaul and refurbish commercial airplanes.

In addition, these entities also qualify for:

- 40 percent business and occupation (B&O) tax rate reduction;
- B&O credit for aerospace product development;
- B&O tax credit for property taxes and/or leasehold excise taxes paid on buildings and land used exclusively, and machinery and equipment used at least in part, for commercial airplane or component manufacture; and
- A sales/use tax exemption for computer hardware, software and peripherals.

CREATING A FAVORABLE BUSINESS CLIMATE

Workers' compensation reform: In 2011, Washington passed the largest reform in the state's workers' compensation system in its 100-year history. This bipartisan package keeps rates flat and protects workers across industries and businesses, saving $1.1 billion over four years.

Unemployment insurance rate reduction: In 2011, Washington reduced unemployment insurance tax rates to historic lows for 90 percent of businesses, including avoiding a rate increase of 36 percent for 65,000 small businesses. Savings of $300 million are expected in the first year.

Transportation investments: Voter-approved tax packages and federal funds are being put to use to relieve congestion by widening roads and adding high-occupancy vehicle lanes. Especially notable is the Alaskan Way Viaduct, which handles 110,000 vehicles daily on this critical economic corridor.