

Legislative Committee on Economic Development and International Relations



Lieutenant Governor Brad Owen – Committee Chair

2009 COMMITTEE MEETING SUMMARY RECOMMENDATIONS

“Economic Impact of Washington’s Global Health Care Sector”

2009 MEMBERS

Senators: Jerome Delvin, Tracey Eide, Mike Hewitt, Jim Kastama, Derek Kilmer, Cheryl Pflug, Paull Shin (a)

Representatives: Barbara Bailey, Bruce Chandler, Bob Hasegawa, Phyllis Gutierrez Kenney, Dan Roach, Tim Probst

Introduction - In planning for our 2009 LCEDIR meetings, the lieutenant governor assessed developing economic trends to identify key economic sectors statewide. After this review, and at the suggestion of Senator Cheryl Pflug, he decided to conduct a committee hearing focusing on the state’s global health sector. The committee was interested in identifying employment trends, capital investment, and the economic stimuli produced by this important economic sector. The lieutenant governor invited leading experts in this sector to provide background information and suggestions for the ways state government could better assist, protect, and promote our global health sector and identify any bureaucratic obstacles that currently impede it.

Issue – Led by organizations including PATH, Seattle Biomedical Research Institute, the University of Washington, Washington State University, and the Washington Global Health Alliance (WGHA), Washington state has now developed one of the largest, most advanced, and visionary global health communities in the world. Their awarding-winning work is at the leading edge of developing and implementing global health strategies to address challenges ranging from the prevention of a pandemic flu to bringing clean water to rural communities. Washington’s global health sector is responsible for approximately 50,000 primary and secondary high-paying jobs and over \$1.7 billion in salaries in our state. It also generates \$4.1 billion in business activity. The executive members of the Washington Global Health Alliance alone work in nearly 80 countries and have more than 450 national and international partners including governments, pharmaceutical companies, universities, venture funders and foundations.

There is tremendous growth potential opportunity for this economic sector, including investment opportunities for the public and private sectors, new foreign investment, and joint marketing. However, other states such as California have become increasingly aggressive in developing their own global health industries and in competing for a limited talent pool and resources. Fostering a supportive and nurturing environment for the continued development of this industry in Washington state is critical to ensure our continued leadership. We have a uniquely collaborative group of organizations willing to partner to leverage their skills and expertise. Their success enhances our state's reputation and can lead to increased trade opportunities. The tangible benefits realized by our state in economic activity and educational opportunities brought about by this global health care sector are significant and compelling, only outweighed by the intrinsic good created by the international civic pride reflected in the lifesaving work done to improve health conditions at home and around the world.

SUMMARY OF PRESENTERS' RECOMMENDATIONS

“Washington’s Global Health Care Sector”

1. Expand tax incentives for the global health sector.

Presenters requested that the state explore new tax incentives designed to build and retain the global health sector in Washington state. Also requested was consideration that, in addition to laboratories, other types of space used for global health research, service programs or education and training be included. This might include expanding the definition of laboratory space to reflect the new reality that not all health innovation is done at a lab bench. While laboratory space is exempted from B&O taxes, the offices essential to supporting the lab are not. For example, PATH's technology shop is the heart of its medical device creation operations, yet is not given the same tax consideration.

2. Support the Washington State Department of Commerce's efforts to create a positive climate for commercialization and innovation.

Our universities and research organizations need state support to create a positive climate for commercialization and manufacture of their innovative ideas. This industry is partnering with the Department of Commerce and the Washington Biotechnology and Biomedical Association on Senate Bill 6015 to develop a strategic plan to expand the life sciences sector, including global health. They asked for support of the recommendations of this report when it comes out in December.

In addition, they asked for help easing the “chokepoints” in moving discovery findings into products that can be produced commercially. The ability for academics to move discoveries through very cumbersome and obstructive tech transfer offices is a huge barrier, in part because the university offices simply are not resourced well enough to improve the capability. This impacts many fields but for global health is particularly vital as we are missing out on the opportunity to quickly move translatable discoveries into practice. It also affects the biotech industry's ability to create jobs and reach its full economic development potential. Simply put, the faster newly developed technologies can get to market, the greater the positive impact they have on our economy.

3. Participate in a gap analysis study to identify commercialization opportunities

In order to fully realize the potential for commercialization and growth, members of this industry would like to partner with the state on a gap analysis study to identify opportunities for commercialization of devices and diagnostics developed by organizations such as PATH, the Institute for Systems Biology and the Infectious Disease Research Institute, among others. This would help the state strategically support creating of new types of global health-related jobs statewide. WGHA has received a \$25,000 grant for this study; funding is needed to make up the difference to conduct a broad analysis that includes international competition. They are applying for a \$75,000 EDA grant and will be seeking approximately \$40,000 in additional matching funds and in-kind services.

4. Attract global health organizations to Washington to enhance global health sector

This state should make a concerted and strategic effort to encourage international agencies, non-profits and funding organizations to base their U.S. offices in Washington state. With the WGHA members, including the Bill and Melinda Gates Foundation headquartered here, we can make a strong case for attracting such organizations to enhance our global health sector.

5. Strengthen global health education (K-12, community college, and university) to create global citizens who understand global markets

Finally, and most significantly, for this sector to continue to thrive it is essential to support education funding, both at the community college and the university level. This includes academic classes and technical training. We will not be able to sustain our current growth levels if we are not training new scientists, researchers, engineers, health workers, agriculture experts and support staff to come up with innovative solutions for these tremendous challenges, from H1N1 flu to clean water to safe farming practices. WGHA is sponsoring the WGHA Ambassadors program in which WGHA member organization have partnered with four high-needs high schools across the state to develop an 11th grade high school curriculum. Now in its first month in the schools, it is tremendously popular with students and teachers alike.

PRESENTERS

Scott Jackson, MBA, CFRE Vice President of External Relations, PATH

Lisa Cohen, MA Director, Washington Global Health Alliance

Christopher Murray, MD, PhD Director, Institute for Health Metrics and Evaluation

Judith Wasserheit, MD, MPH Vice-Chair and Professor, University of Washington
Department of Global Health

John Aitchison, PhD Associate Director, Institute for Systems Biology

Scott Garrepy, Director of Corporate Relations and Director of Development for International Programs, Washington State University

Craig E. Rubens, MD, PhD, Co-founder and Executive Director, Global Health Alliance to Prevent Prematurity and Stillbirth (GAPPS)