

Federal Economic Development Funding



A report tracking federal economic development funds pursuant to RCW 43.330.040.

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Report to the Legislature

Director Lisa Brown

**OFFICE OF ECONOMIC DEVELOPMENT &
COMPETITIVENESS**

V3.0

Acknowledgments

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Introduction

Background

In 2016, the Washington State Legislature passed [Senate Bill 6220](#), which required Commerce to track economic development funding received from the federal government as follows:

When federal or other funds are received by the department, they shall be promptly transferred to the state treasurer and thereafter expended only upon the approval of the director. The department must track the amount of federal economic development funding received and disbursed along with any required state, local, or other matching requirements and annually provide the information to the economic development committees of the house of representatives and the senate.

The [last report](#) was submitted in 2017. This report provides information on funding received from 2018 through 2021. Going forward, Commerce will submit reports annually.

Federal agencies and programs

This section provides background on the federal agencies and programs providing funding to the Washington State Department of Commerce.

Federal agency	Program	Award period	Grant amount	Match requirement	Status
U.S. Small Business Administration	State Trade Expansion Program 2019	9/30/2019 - 9/29/2021	\$900,000	\$300,000	Completed
U.S. Small Business Administration	State Trade Expansion Program 2020	9/30/2020 - 9/29/2021	\$1,350,000	\$450,000	Ongoing
U.S. Economic Development Administration	Build Washington Manufacturing Project	6/1/2017 - 6/30/2019	\$200,000	\$201,987	Completed
U.S. Economic Development Administration	Build to Scale - Maritime Industry Development	10/01/2017 - 9/30/2020	\$500,000	\$501,708	Completed
U.S. Economic Development Administration	SafeStart Economic Recovery and Resilience Initiative	10/01/2020 - 9/30/2022	\$15,000,000	N/A	Partially expensed - \$4,156,806 expensed
U.S. Department of Defense Office of Economic Adjustment	Office of Economic Adjustment - Industry Resilience	7/01/2019 - 6/30/2021	\$1,100,000	\$163,634	Ongoing
U.S. Department of Agriculture	Rural Development	7/27/20 - 9/14/2021	\$37,000	\$42,000	Completed

U.S. Small Business Administration

State Trade and Expansion Program (STEP)

The STEP grant program has helped thousands of small businesses obtain grants and find customers in the international marketplace since 2011. Through awards to U.S. states and territories, STEP helps small businesses overcome obstacles to exporting by providing grants to cover costs associated with entering and expanding into international markets.

STEP financial support helps U.S. small businesses:

- Learn to export
- Participate in foreign trade missions
- Design international marketing products and campaigns
- Support website globalization and e-commerce capabilities

- Pay for subscriptions to services provided by the U.S. Department of Commerce and other federal agencies
- Participate in export trade show exhibits and training workshops

Washington has received STEP funds for the past 11 years. In the last two years, Washington was one of two states to receive the maximum \$2 million dollar award.

U.S. Department of Commerce

Economic Development Administration (EDA)

Build Washington Manufacturing Project

The purpose of the Build Washington Manufacturing project was to develop a technical assistance program and business network to support local government entities and small and medium sized business enterprises in advanced manufacturing in economically distressed areas.

A public/private manufacturing rapid response team implemented the project by:

- Helping small and medium-sized manufacturers get established, stabilize, diversify, expand and grow jobs
- Creating and maintaining a workforce with the skills required for these new jobs and advanced manufacturing technology
- Helping commercialize innovative processes and technology, and ensure it is accessible to small and medium-sized manufacturers
- Developing pilot projects to support manufacturers

Build to Scale

EDA's Build to Scale (B2S) program furthers technology-based economic development initiatives that accelerate high quality job growth, create economic opportunities, and support the future of the next generation of industry leading companies.

In 2017, a \$500,000 grant from EDA's [Build to Scale Program](#) helped the Washington State Department of Commerce develop a comprehensive strategy to accelerate innovation and modernization of Washington's maritime industry.

[Washington Maritime Blue](#), a Seattle-based nonprofit organization, is the direct result of this grant. Maritime Blue is working to position Washington as a global leader in maritime innovation and sustainability. Seattle is the fifth largest U.S. seaport and has a maritime industry valued at \$38 billion.

SafeStart Program

A \$15 million grant from the [U.S. Economic Development Administration](#) supported several initiatives aimed at fostering collaboration among public, private and philanthropic organizations to help keep small businesses open and protect and create jobs while looking ahead to strengthen key sectors in the future. This was one of the largest such grants in the nation. Notable work under this grant includes:

- **The Innovation Cluster Accelerator program (ICAP).** Built on an internationally proven model, it is the first state-supported program of its kind in the nation. Innovation clusters are industry-led consortia that bring together leaders from the private sector, entrepreneurs, investors, academia and government to solve challenges, pursue market opportunities, and drive innovation.

Nine innovation clusters were selected for this program:

- Clean Tech Built Environment Cluster. Led by the CleanTech Alliance to advance the development and adoption of clean technologies that decarbonize the built environment.
 - Advanced Technology Cluster. Led by the Washington Technology Industry Association to grow advanced tech in Washington using quantum computing and blockchain.
 - Consortium for Hydrogen and Renewable Generated E-Fuels Cluster. Led by Washington State University's JCDREAM to explore the use of hydrogen in heavy-duty transportation, aviation and shipping.
 - Washington VERTical Cluster. Led by the Port of Benton to accelerate the transition to renewable energy production through nuclear power.
 - Evergreen Bioscience Innovation Cluster. Led by Greater Spokane, Inc., to advance the life and health science industry from research and development to workforce.
 - Enterprise Digital Growth Ecosystem Cluster. Led by the 5G Open Innovation Lab to use edge computing and 5G to digitally transform the agriculture, energy and utilities, healthcare, manufacturing, and transportation and logistics industries.
 - Sustainable Aerospace Technologies and Energies Cluster. Led by the Aerospace Futures Alliance to advance the use of sustainable aviation fuels, electrified aircraft and hydrogen-powered aviation.
 - Pacific Northwest Aerospace Cluster. Led by the Pacific Northwest Aerospace Alliance to advance the state's aerospace manufacturing industry.
 - Washington Autonomous Vehicle Cluster. Led by the Kitsap Economic Development Alliance with the focus on accelerating deployment of unpiloted and autonomous vehicles, including waterborne craft.
- **The Washington Opportunity Network (WON).** WON enhances connections between small businesses, technical assistance providers and investors, with a focus on strengthening pathways to success for small businesses furthest from opportunity. The network identifies gaps and solutions, such as finding and implementing new financial products and connecting small businesses with accessible and culturally appropriate resources. WON's focus is supporting small business recovery and building resilience for entrepreneurs facing systemic and historic barriers.

U.S. Department of Defense

Office of Economic Adjustment

Industrial Resilience program

The Industry Resilience program assists communities responding to defense changes, specifically canceled contracts or failure to proceed with a previously-approved weapons system. In many cases, these reductions in defense spending directly affect the defense manufacturing base and can trigger assistance provided under this program.

Washington Manufacturing Services and Community Attributes Inc. were awarded funds to focus on strategies, business development and economic diversification, as well as assisting in other relevant federal assistance programs to support local economic development in communities impacted by defense program changes.

With Industry Resilience assistance, state and local partners can help defense manufacturers develop and manufacture new products, capture new investments, and develop new technologies. These efforts help modernize the military and maintain a technological edge against adversaries.

In addition to assistance with economic adjustment and recovery, the Industry Resilience program helps communities strengthen the economic and cyber resiliency of local defense industry supply chains. In today's globalized marketplace, the defense industrial base is a core national security asset. Local defense suppliers are critical to the modernization and war readiness. They supply military forces with the best equipment, most advanced technologies and the highest level of service.

U.S. Department of Agriculture

ScaleUp

In May 2020, the Washington State Department of Commerce was awarded a \$37,000 USDA Rural Business Development Grant, which the department matched with \$42,000 of general funds. This funding provided augmented ScaleUp training to 292 businesses in rural counties, instead of the original goal of 75.

ScaleUp is a three-part training series designed for businesses that want greater profitability and growth. The trainings were reduced to a virtual one-day "study hall" due to the COVID-19 pandemic. Businesses worked with a professional trainer on economic recovery and resiliency strategies. The Thurston Economic Development Council owns the curriculum, which is based on the Kaufman Foundation's Entrepreneurial Series.