Private sector-led state business planning initiatives

Arnie Roblan presented the Oregon business plan, started 12 years ago. One of the goals was to prioritize rural economic development; Oregon was hoping to find out what they needed to do to make rural communities part of the growing economy.

*Senator Roblan passed around Oregon business plan handout. He explained that within the business group, there are regional groups that get together to discuss what’s important for each region. Having regional conversations allows people to realize the importance of other regions. Arnie stated their 2015 initiatives to be to connect education and careers, put natural resources to work, and modernize the infrastructure. It became evident early to them that they needed to look at the education system and determine how to rearrange it in a way that others haven’t; needed to think of it as birth to death, preschool through 20. 2011 brought total reform of education; universities are now independent, they set up the early childhood education portion of the budget to coordinate all activities. If it hadn’t been for the business plan, it’s unknown whether or not they would have been able to make it as far as they have. The Oregon state forestry dept. was in the process of building a new building and needed to get advanced wood technologies, one of the business plan efforts. It got dropped suddenly, Sen. Roblan went to find the money to continue it, went to Governor and senate members and then moved it to the continuing education budget and got the 2.5 million to continue on. The Oregon business plan is identifying problem areas and getting progress. Senator Roblan finished stating the need to engage the legislative branch to create a partnership to help push for progress.

David then spoke on applying entrepreneurial skills to the process of government. This type of state focused planning system driven by the business community is the
way to make things happen. He thinks that this system of business driven planning can work effectively across the entire PNWER region. Specifically, he wants WA to be one of the top five states in the country. David stated that the key areas he feels we need to focus on are economic competitiveness, education, environment, governance, health, and transportation. He commented that the real effect is how humans interact; finding early adapters, finding people who believe that things can really change, taking existing organizations and aligning them into the plan so they can aid in planning the future. He stated to make sure the plan adapts to the changing conditions of new insights. David pointed out the benefits of finding friends in the legislature but that the business community makes things happen; this plan compliments the political system. Thinking regionally, there’s a lot of aspects in these projects that effect the entire region. On a regional basis, there’s so much to deal with that’s common among multiple states such as tourism, immigrations issues, education, workers, demand, transportation, ports/air/rail, water quality/quantity issues, climate change, emergency preparedness, etc. Putting together a PNWER planning group to work on these issues will help everyone across the region, WA State will be successful if OR State is successful and so on; all will rise together.

Isaac then presented on metric and data visualization. He stated that data is a strong visual currency, that text isn’t as compelling. Replacing text with visuals aids will allow viewers to create a stronger connection with the information. People are more likely to share visual data than research papers and PDFs. Asking people to contribute their thoughts, citizens and organizations, to help build key metrics and set an agenda to put forth these metrics and then enforcing organizational accountability will force people to stay on the problem. He commented that in education, they wanted to figure out how Washington educated people are doing. In environment, they looked at natural capital and the economic contribution those resource make. They also looked at carbon competitiveness, total carbon output, and development. They found three main measures, credit ranking, performance audits, and budget transparency. He finished stating that there is strong potential for PNWER to use this data.

Greg Gianforte spoke on creating more high-wage jobs in our communities, to help keep out families together. Montana is 49th in the country in wages. Greg has several projects to try to change that – Code Montana, to get more computer science students in Montana, Bootstrap Loan System, High-Tech Business Alliance, and largely, the Come Home to Montana project. Greg believes that with telecommuting we can bring Montana graduates back to Montana and give the people still here the ability to look nationally for jobs they can do from home.

Burt then spoke on how the focus of funds is in rural areas. Pensions are in trouble, and they’re trying to disaggregate this money into regional pools to then be disaggregated further and they need private sectors to do that. Impact investing – using this to make investments and develop sustainability. Every pension fund needs to know about impact investing, these funds need better ways to make
returns. Startup companies are finding new ways to innovate in finance space. The purpose of this is to bring new ideas in finance and innovation to find money and bring it back to the northwest region.

Tim commented on Key Stone, and how you want to start with a cluster of companies that really relate to each other. You can actively build this cluster. He’s interested in how to create a cluster when there isn’t one. It’s going to be a combination of all types of companies. The cluster is the big picture, the full system, but the tools break it down into the individual companies. The tools they’ve built are to analyze these individual companies. Finland came in worried about a post Nokia world. Had to find the holes within the current companies. The tools tell you what businesses can go into what clusters and how to reposition them but they needed the funding to do this repositioning. You start with individual companies and build up. In the Finnish project, the best fit was a Smart Grid. Structured a MARF based on how to fund those companies. Then you have a marriage between the clusters and the pensions to work to get that high return rate back.

Michal spoke last on total impact capital power. He said that the classic notion is that money comes from gov and philanthropy. Philanthropy has been relatively flat in the past decade. If we can’t collectively motivate profit seeking capital that we won’t improve. Global prosperity is a good thing. Growth requires energy. China brought on coal fired power plants to aid in their growth. If we can’t find a way to bring prosperity without it being carbon drive, we lose, creating high stakes. Limiting pension funds in the market to gov paper. Using private sectors allows pensions funds to invest in public infrastructure. Most of the debt crisis is when the currency is mismatched rather than risk mismatch. Take away – AMF expect 47% annual growth. There’s thought to be a tradeoff but that’s not the case as long as you go about it intelligently. The future is innovation happening around the world, we need to learn from that and be willing to take the best models from around the world. This is a way of unlocking assets, like local pension funds. Have to look for public-private financing. One of the things that makes gov uncomfortable is that you have to be willing to see someone else make a profit. We have public assets but we’re going to see a private developer make some money. But we have to be okay with that. Private-public partnerships can improve quantity and increase profits. People assume there’s too much risk, but if you can spread the risk or reassess the risk, you have a much higher assurance of a return which can track in more conservative investors.

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**Action Items**

Left to be discussed in afternoon session.