TechAlliance

2025 BENCHMARKING REPORT

SKILLED AND ADAPTABLE WORKFORCE

INNOVATION CAPACITY

ENTREPRENEURIAL CLIMATE

THE TECHNOLOGY ALLIANCE: BENCHMARKING PROGRESS, ADVANCING INNOVATION

For more than 25 years, the Technology Alliance has played a central role in strengthening Washington's innovation economy. We focus on the factors shaping our economic future—using data, stories, research, and targeted programs to elevate what's working and spotlight where change is needed. This 2025 report continues our tradition of public-facing benchmark studies designed to support a wide range of conversations and initiatives across the state.

At the heart of our mission is the effort to measure Washington's progress on key metrics over time—and against a national backdrop of peer states—organized around three foundational pillars: a skilled and adaptable workforce, abundant innovation capacity, and a strong entrepreneurial climate.

Our peer comparison group has evolved since 2003—from 8 to 12 states (excluding Washington)—reflecting growth and shifting dynamics in the national innovation landscape. These peer states remain largely consistent with those in the 2021 report, allowing continuity in analyses and insights. In evaluating how well Washington and its residents are positioned to realize the full potential and benefits of the innovation economy, we are able to ask: Is Washington making gains? Are we outpacing or falling behind states with similar technology industry profiles and R&D intensity?

Washington remains home to premier research institutions, globally recognized companies, and a steady stream of startups launching every year. Our state's economy is still deeply rooted in technology and innovation, but we cannot remain complacent: There is no assurance that growth will continue without deliberate effort.

BENCHMARKING APPROACH AND PEER STATE SELECTION

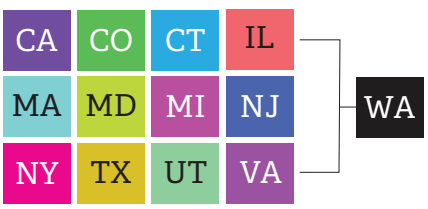
To evaluate Washington's position within the innovation economy, this benchmarking study uses a comparative framework grounded in quantifiable indicators. These include expenditures on various types of research and development (R&D), R&D spending per capita, patents issued, STEM employment, capital investment patterns, innovation rankings, and educational attainment levels. These indicators are drawn from nationally recognized sources to ensure consistency, comparability, and accuracy across states.

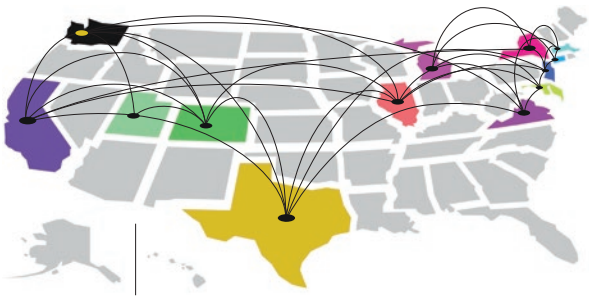
The chosen peer states were selected based on feedback and performance across key innovation and economic metrics. They represent regions with comparable innovation profiles—a strong presence of high-tech industries, robust research ecosystems, and dynamic startup environments. In 2025, the states selected for comparison are: California, Colorado, Connecticut, Illinois, Maryland, Massachusetts, Michigan, New Jersey, New York, Texas, Utah, and Virginia.

Each of these states demonstrates a commitment to fostering innovation through sustained investment in education, R&D infrastructure, and entrepreneurial ecosystems. They also reflect diverse geographic and economic contexts, allowing for a more nuanced comparison of Washington's strengths and areas for improvement.

By benchmarking against these peer states, Washington gains clearer insight into how it stacks up on the national stage and where policy, investment, or programmatic focus can deliver the greatest impact.

Washington evaluates its progress on a wide ranging set of metrics against twelve peer states:





The three pillars of innovation—a layered story.

Skilled and Adaptable Workforce: Washington shows moderate improvements in K-12 outcomes, although not commensurate with spending and not sufficient to keep up with peer states in math proficiency and graduation rates, and maintains strong representation in STEM degree completion and workforce participation. Despite high levels of state investment, however, non-STEM undergraduate and STEM master's degree attainment continue to trail peer benchmarks.

Innovation Capacity: While Washington demonstrates significant business R&D spending growth and leads in private sector contributions, academic and federal R&D investment lags, limiting diversification and slowing the flywheel effect of startups on the economy.

Entrepreneurial Climate: Washington exhibits strong momentum in venture capital growth rates and fund formation but ranks lower in total investment and deal volume. Key sectors like IT and healthcare are competitive, but challenges persist in scaling ventures and sustaining capital through later stages.

Focusing on K-12 outcomes, expanding degree attainment at all levels of education, strengthening late-stage venture capital infrastructure, and deepening public investment in foundational R&D capacity will ensure that Washington state is positioned to lead technological and economic changes throughout the innovation economy.

SKILLED AND ADAPTABLE WORKFORCE: INTRODUCTION

Washington's education and workforce pipeline shows mixed performance when benchmarked against peer states. At the K–12 level, Washington's math and reading proficiency scores have declined across the 4th and 8th grades, consistent with national trends. There has been a steeper decline in math proficiency compared to the peer average, indicating greater challenges in numeracy skills. In contrast, Washington has experienced a smaller decline in reading proficiency than most peer states, reflecting comparatively stronger resilience in literacy outcomes over the same period.

High school graduation rates show an upward trend, with Washington demonstrating stronger growth compared to the peer state average. Washington's national standing in high school graduation rates has also shown a notable upward shift over time, reflecting meaningful progress even as it continues to trail many peer states.

In higher education, Washington performs well in STEM degree production—especially at the undergraduate and PhD levels—and maintains strong associate degree attainment rates among state residents. However, it consistently underperforms in non-STEM undergraduate degrees and STEM master's programs, creating an imbalance in the state's talent pipeline. Workforce data reflects this divide: Washington ranks near the top in STEM workforce participation but remains average in broader bachelor's and doctoral-level representation.

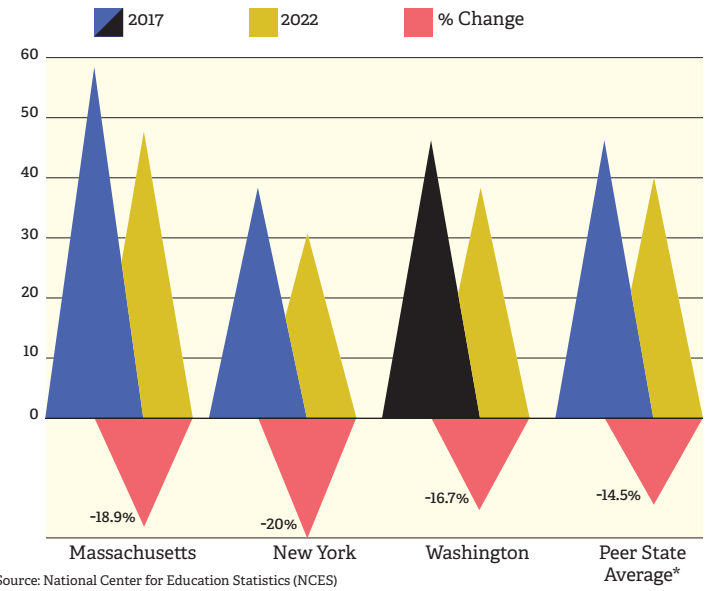
Spending across both K–12 and higher education has risen substantially in recent years in Washington. The state ranks 15th nationally in K–12 spending per pupil, positioning it above the peer average, while ranking 17th in higher education spending per pupil—below the peer average. Washington has one of the highest spending growth rates in both areas compared to its peers.

As state investments in both K–12 and higher education have surged, the question becomes: How effectively are these investments translating into measurable outcomes in student proficiency, degree attainment, and workforce readiness? The answer is: Not well. To drive real progress, Washington will need to pair sustained investment with system-level reforms focused on instructional quality, accountability, and equitable resource distribution.

K-12 DATA ANALYSIS

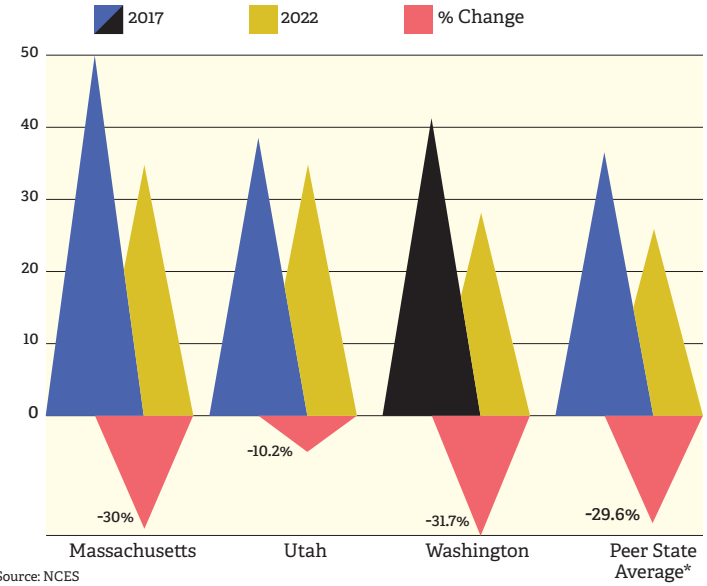
While National Assessment of Educational Progress (NAEP) reading and math proficiency scores have declined in Washington from 2017 to 2022, there are important differences in severity and resilience. In mathematics, 4th grade proficiency is down 16.7% and 8th grade proficiency has declined 31.7%—both concerning figures, and more severe than the average among peer states. Massachusetts remains the top performer in both grades, with Utah rising to prominence in 8th grade math. [Charts: Math Proficiency, 4th & 8th Grades].

4th Grade Math Proficiency (%) Over Time NAEP Scores



Source: National Center for Education Statistics (NCES)

8th Grade Math Proficiency (%) Over Time NAEP Scores



Source: NCES

* Averages in charts represent the average of peer states unless otherwise specified.

SKILLED AND ADAPTABLE WORKFORCE

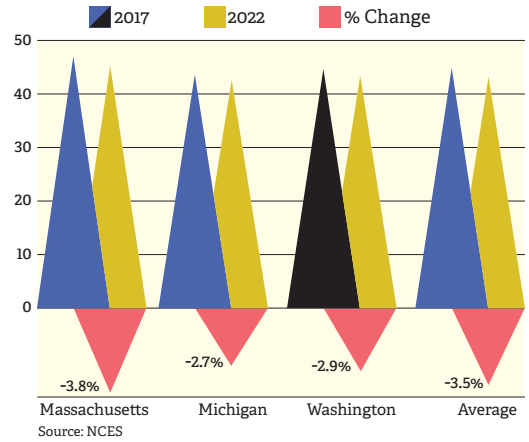
Reading scores have held up more strongly. Washington's 4th grade reading proficiency has decreased by just 2.9%, one of the smaller drops among peer states. Meanwhile, while overall 8th grade reading proficiency remains competitive and continues to close the gap with Massachusetts, the decline in scores far outpaced peer states and the national average. [Charts: Reading Proficiency, 4th and 8th Grades]

There has been measurable improvement in high school graduation rates. Washington's on-time graduation rate grew by 5.3%, well above the 2.4% peer average. Washington ranks 35th nationally—a notable rise from its 2017 ranking of 44th. While this reflects meaningful progress, the state still falls below the national average and trails many of its peer states. [Chart: On-Time School Graduation Rate and Growth Rate]

K–12 education spending has steadily and dramatically increased over the past decade. From 2012 to 2022, Washington saw a significant upward trajectory in per-pupil K–12 expenditure, placing it 15th nationally and ahead of the peer state average. During this period, Washington's spending per pupil grew by over 43%, one of the steepest increases among the comparison group. While Massachusetts allocates more to K–12 education overall, Washington's investment trajectory indicates sustained prioritization of early education infrastructure. [Charts: K–12 Public Spending per Pupil (Latest Year); K–12 Public Spending Growth Rate Over Time]

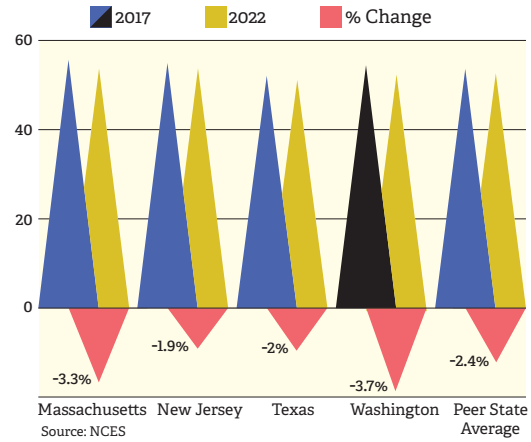
A red flag should be raised, however, over what return the state is getting on this investment. Washington's K–12 performance indicators indicate a fundamental challenge in converting rising investments into measurable educational gains. Despite strong policy commitments, the outcomes underscore that spending alone does not guarantee improvement and indicates that further study is needed.

4th Grade Reading Proficiency (%) NAEP Scores



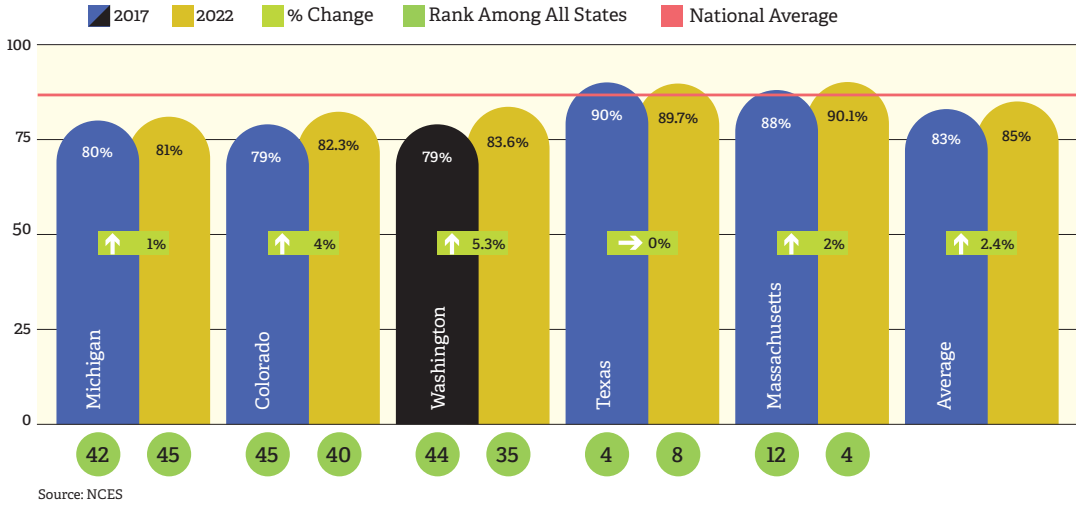
Source: NCES

8th Grade Reading Proficiency (%) NAEP Scores



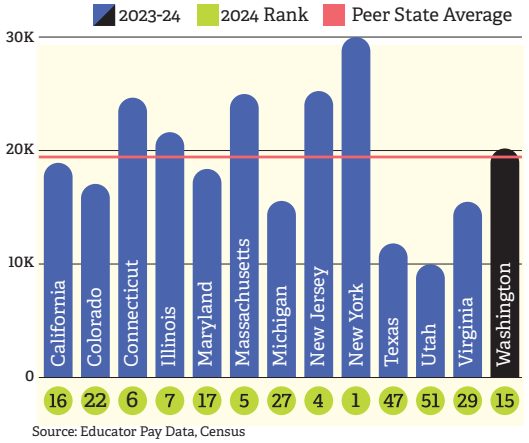
Source: NCES

On-Time High School Graduation Rate (%) and Growth Rate



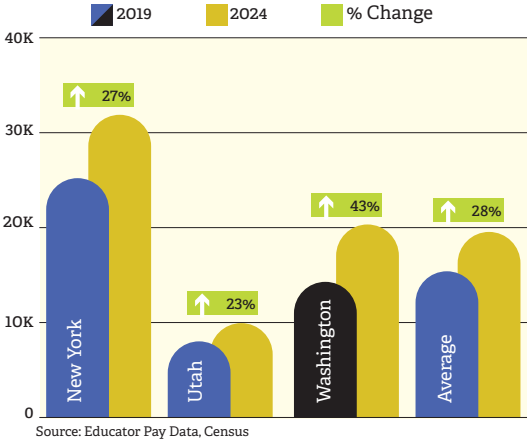
Source: NCES

K-12 Public Spending per Pupil (Latest Year)



Source: Educator Pay Data, Census

K-12 Public Spending Growth Rate Over Time



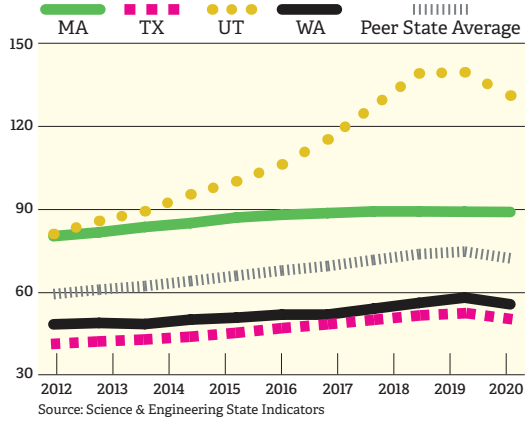
Source: Educator Pay Data, Census

HIGHER EDUCATION DATA ANALYSIS

Undergraduate degree trends in Washington reflect both strengths and persistent challenges. The state maintains alignment with peer averages in producing STEM undergraduate degrees and has seen steady growth in overall undergraduate degree output through 2022. However, Washington consistently ranks near the bottom among peer states in non-STEM undergraduate degree attainment, standing at 42nd nationally. Among peer states, Washington is only ahead of Texas (47th). Top performers like Utah (3rd) and Massachusetts (8th) showcase the competitive benchmarks that Washington could aspire to in expanding its non-STEM degree pipeline. A statewide dip in 2022 followed similar declines observed across the peer group, indicating broader trends affecting performance. [Charts: Undergraduate Non- STEM Degrees per 1000 Individuals Aged 18-24; Undergraduate STEM Degrees per 1000 Individuals Aged 18-24]

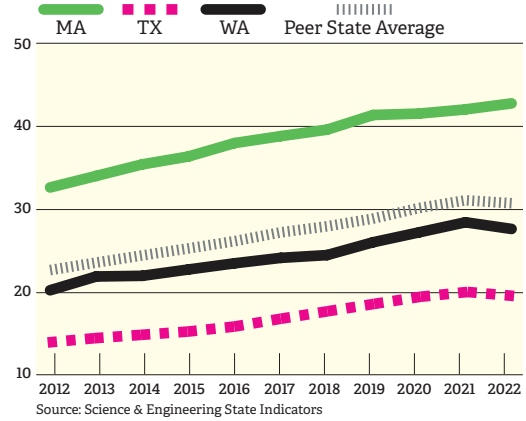
Utah stands out as a leader in non-STEM undergraduate degrees attained per 1,000 population within the 18–24 age group, while Massachusetts leads in both STEM and non-STEM categories. Washington's persistent underperformance in non-STEM degrees raises concerns about its ability to cultivate a balanced workforce that supports innovation across diverse sectors. This divide is reflected in degree attainment among residents. Washington ranks 17th nationally for associate degree attainment, with 31.1% of residents holding an associate degree—well above the peer average. However, for bachelor's and graduate-level attainment combined, Washington ranks 11th, indicating room for improvement compared to top-performing peers like Massachusetts (2nd) and Colorado (3rd). [Chart: Degree Attainment of Residents – 2022]

Undergraduate Non-STEM Degrees per 1,000 Individuals Aged 18-24



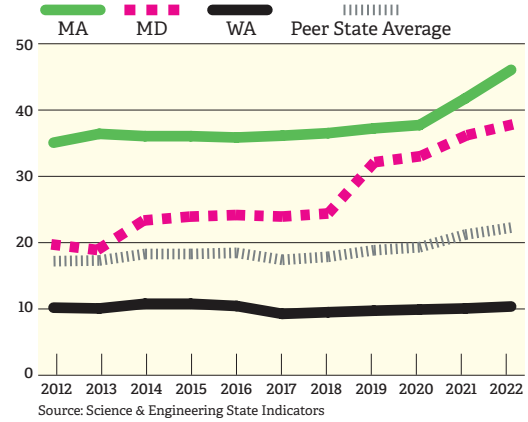
Source: Science & Engineering State Indicators

Undergraduate STEM Degrees per 1,000 Individuals Aged 18-24



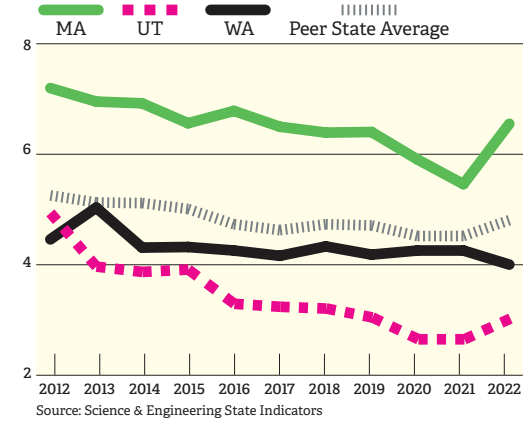
Source: Science & Engineering State Indicators

STEM Master's Degrees per 1000 Individuals Aged 25-34



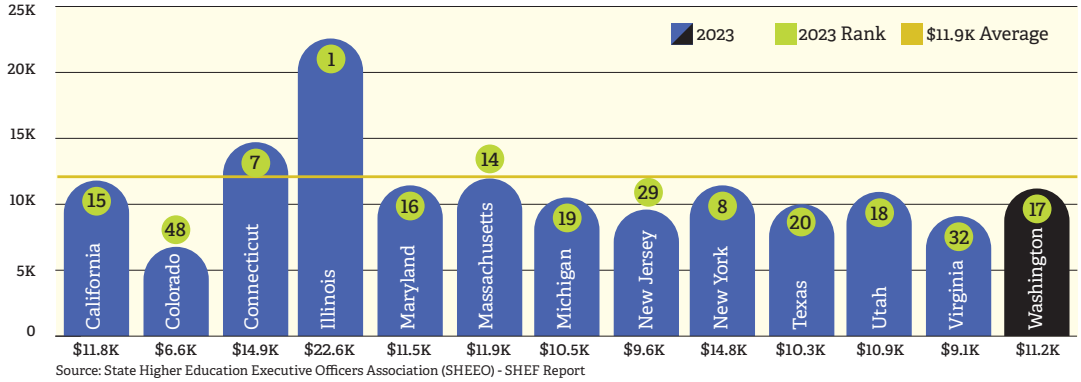
Source: Science & Engineering State Indicators

STEM PhD Degrees per 1,000 Individuals Aged 25-34



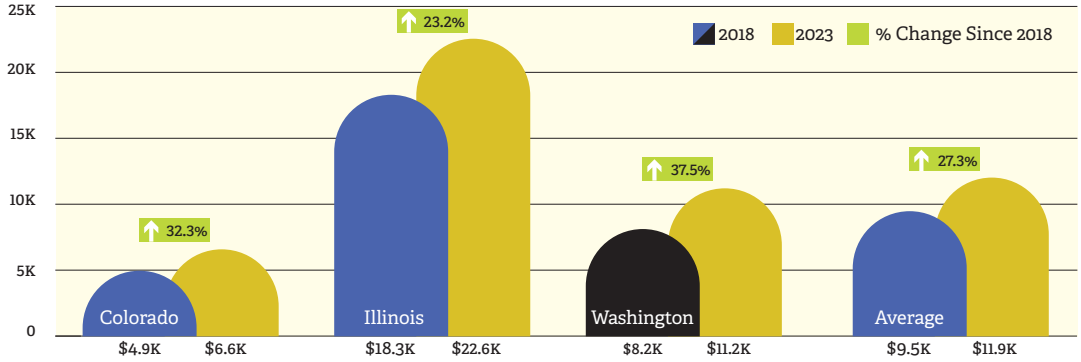
Source: Science & Engineering State Indicators

Higher Education Spending per Student



Source: State Higher Education Executive Officers Association (SHEEO) - SHEF Report

Higher Education Spending per Student Growth Trend (5 Year)



Source: SHEEO - SHEF Report

SKILLED AND ADAPTABLE WORKFORCE

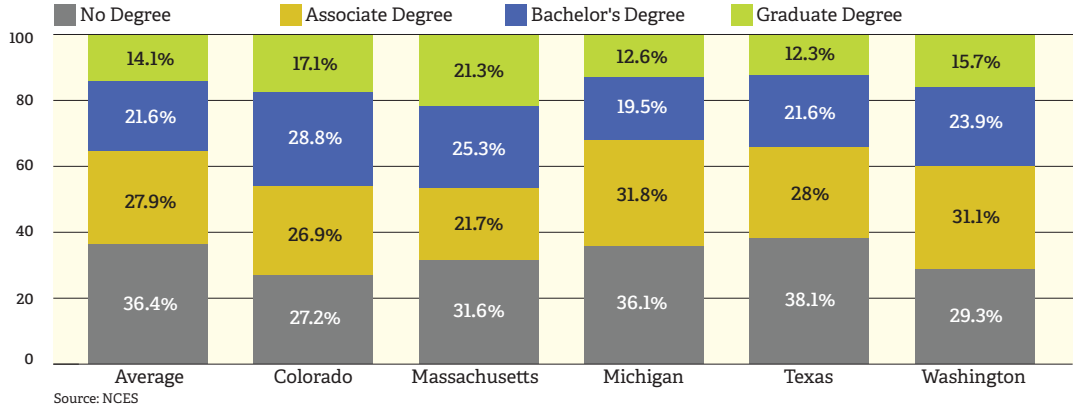
At the graduate level, Washington lags behind peer states in STEM master's degrees attained per 1,000 individuals within the 25-34 age group, and growth in this area has remained flat over the past decade. In contrast, the state aligns more closely with peers in STEM PhD attainment. After a multi-year decline, STEM doctoral degrees rebounded in 2022—a trend seen across most peer states. Massachusetts and Maryland continue to lead in STEM graduate degree output, highlighting the importance of strong research institutions. [Charts: STEM Master's Degrees per 25–34 Population; STEM PhD Degrees per 25–34 Population]

Higher education spending trends position Washington among the faster-growing states in the peer group. From 2018 to 2022, Washington increased higher education spending per student by more than 38%, improving its national ranking from 27th to 17th—though still remaining below the peer state average. In contrast, Massachusetts, a leader in educational outcomes, ranks 14th and has shown steadier but lower growth in spending. [Charts: Higher Education Spending per Student; Higher Education Spending Growth Trend (5-Year)]

This spending has yet to yield consistent returns across all metrics. Workforce adaptability indicators show Washington's strengths in STEM-aligned roles. The state ranks second among peer states for STEM degree holders in the labor force, behind only Michigan. This contrasts with average positioning in broader bachelor's and doctoral workforce representation. The steady upward trend in STEM workforce participation over the decade underscores Washington's specialization in technical roles. However, Utah's lower-than-expected workforce representation, despite strong undergraduate production, suggests that educational output alone does not ensure workforce retention. [Charts: Bachelor's Degree Holders in Workforce (%); Doctorate Degree Holders in Workforce (%); STEM Holders in Workforce (%)]

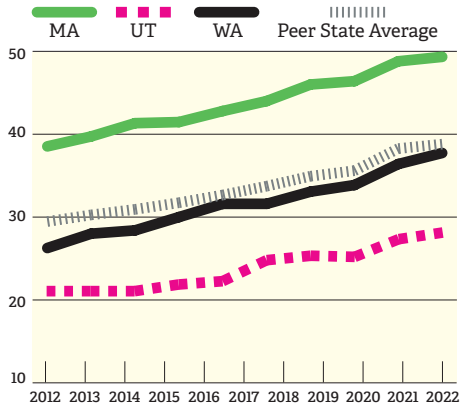
Taken together, these indicators reveal a strong foundation built on STEM education and high investment levels, though opportunities remain to strengthen performance in key non-STEM and master's degree areas. As Washington looks ahead, a central question emerges: Should the focus remain on strengthening existing STEM advantages, or should greater efforts be directed toward broadening degree attainment to foster a more versatile innovation economy?

Degree Attainment Rate of Residents - 2022



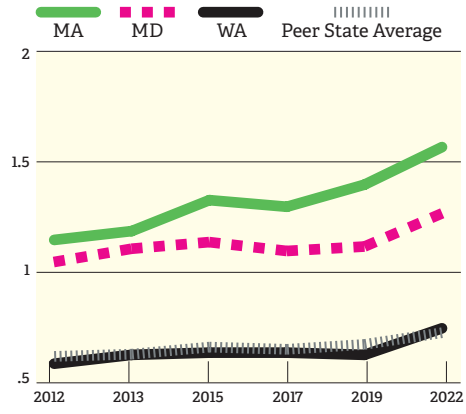
Source: NCES

Bachelor's Degree Holders in Workforce (%)



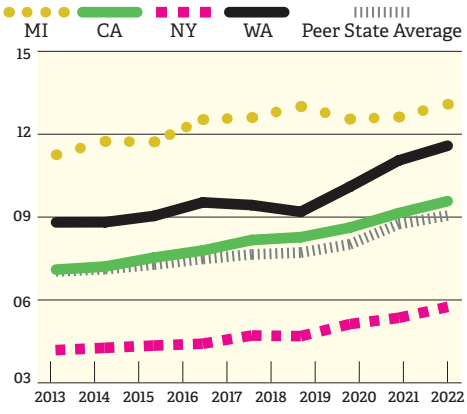
Source: Science & Engineering State Indicators

Doctorate Holders in Workforce (%)



Source: Science & Engineering State Indicators

STEM Degree Holders in Workforce (%)



Source: Science & Engineering State Indicators

INNOVATION CAPACITY: INTRODUCTION

Washington's research and development (R&D) ecosystem is anchored by strong private-sector leadership. The state consistently ranks among national leaders in total R&D expenditure per capita and as a share of GDP, driven primarily by robust business investment. Washington's commercial R&D activity places it alongside top innovation economies, reflecting deep industry engagement and scale. However, this strength in business-led innovation is coupled with weaker support from the academic and federal sectors, and patent activity illustrates a more complex innovation trajectory over time. While Washington historically ranked above average in patent filings and issuances per capita, recent years have seen notable declines.

Private-sector momentum has fueled Washington's rise as a commercial innovation hub. Sustained progress depends on businesses continuing to have a forward-looking, supportive environment. Innovation is understood here—without excessive tax burdens that could deter investment. Greater emphasis on both basic and applied R&D will be critical to expand the state's innovation pipeline and ensure resilience across economic cycles.

INNOVATION CAPACITY DATA ANALYSIS

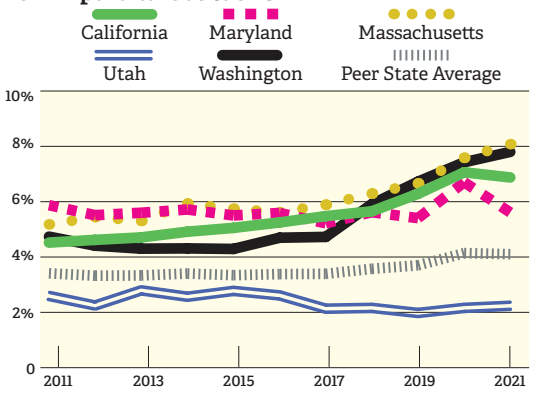
When measuring overall R&D intensity, Washington ranks among the top three states in R&D expenditures as a percentage of GDP. The R&D-to-GDP ratio grew steadily from 2012 to 2022, reaching a peak during the pandemic years. During the last decade, Washington achieved a notable increase, with its R&D share rising from approximately 3.5% to over 4.5%. Post-2020 data indicates that while the ratio has stabilized, Washington continues to maintain a top-tier national position, remaining closely aligned with Massachusetts and slightly ahead of California. In contrast, Utah has experienced a declining R&D-to-GDP trend over the decade, and the peer group average has remained relatively flat. [Chart: R&D Expenditure as % of GDP]

Washington's research profile is marked by high private sector engagement and sustained investment trends. Between 2017 and 2022, the state's business R&D expenditure grew by 106%, with business sources consistently contributing over 95% of Washington's total R&D funding during this period. This places Washington among the top performers in business-sector research intensity, comparable to California and Massachusetts. [Chart: Business R&D Expenditure per $1,000 of State GDP]

State agency R&D in Washington has shown notable recovery following extended underperformance. From 2012 to 2018, the state trailed peer averages both in per capita spending and share of GDP. Beginning in 2018, Washington's state agency R&D investment began to rise steadily—growing over 40% by 2022—and has since aligned with the peer average. New York continues to lead on a per capita basis, while California and Connecticut remain key competitors depending on the measurement metric. [Chart: State Agency R&D Expenditures per Capita]

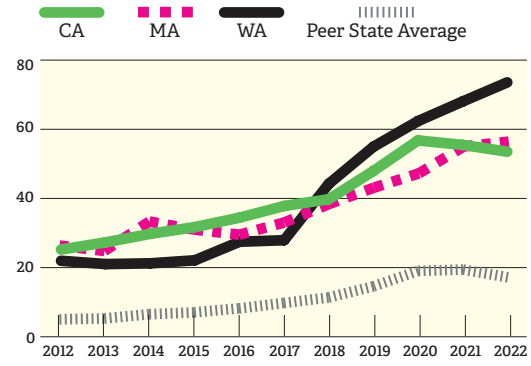
Washington's strength in commercial R&D is contrasted by underperformance in academic and federal contributions. Academic R&D expenditures have declined in relative terms and remain below the peer average as a share of GDP. While business R&D in Washington surged from $14.5 billion in 2012 to $55.7 billion in 2022, academic R&D grew modestly from $214 million to $253 million, and federal R&D grew from $400 million to $459 million. [Chart: Business R&D Expenditures as % of Total R&D]

R&D Expenditure as % of GDP



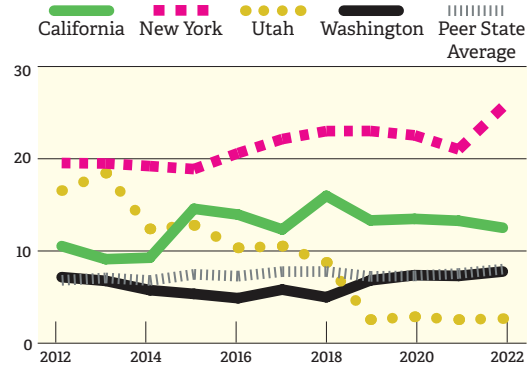
Source: Science & Engineering State Indicators

Business R&D Expenditure per $1,000 of State GDP



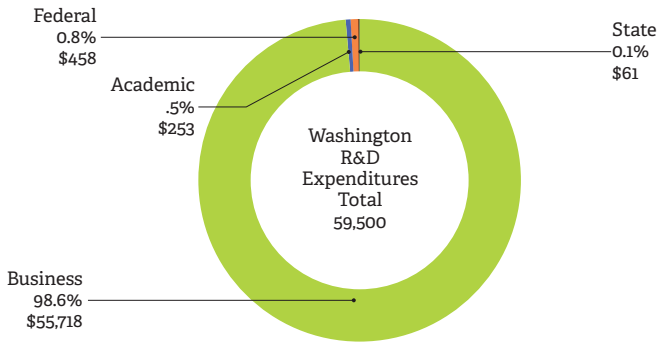
Source: Science & Engineering State Indicators

State Agency Research R&D Expenditures per Capita



Source: Science & Engineering State Indicators

Business R&D Expenditures as % of Total R&D In $ Millions



Source: Science & Engineering State Indicators

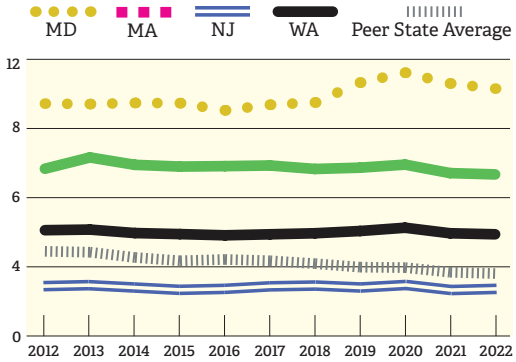
INNOVATION CAPACITY

As a consequence, federal R&D investment as a share of total R&D investment in the state has decreased over the past decade, falling from 2.6% in 2012 to just 0.8% in 2022. Similarly, academic R&D expenditure in Washington declined from 1.4% of total R&D in 2012 to 0.5% in 2022. Maryland and Massachusetts significantly outpace Washington in both federal and academic R&D spending—both in per capita terms and relative to state GDP. [Charts: Academic R&D Expenditure per $1,000 of State GDP; Federal R&D Expenditure per $1,000 of State GDP]

Patent data further highlights shifts in Washington's innovation outputs. While the state historically maintained above-average patent filings per million population, recent years have seen a significant decline (-23.4%), a rate much steeper than the peer average (-4.8%). Patent issuance has followed a similar trend, falling below the peer average after the COVID-19 period. Utah and California now lead in both filings and issuance, reflecting a more robust trajectory in innovation outcomes. [Charts: Patents Filed per Million Population; Patents Issued per Million Population]

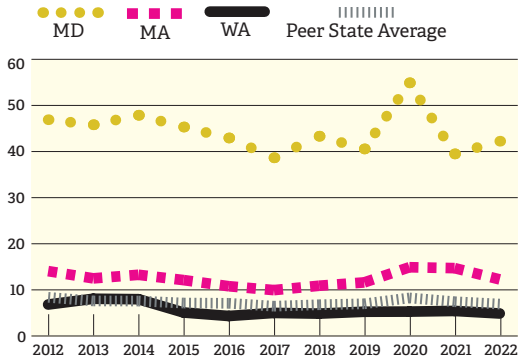
Washington's innovation capacity is highly concentrated in commercial, private-sector activity. The state leads in business investment and demonstrates competitive intensity in applied R&D spending. Increasing academic and federal research investment would promote the generation of foundational knowledge and early-stage discovery—elements critical to long-term innovation sustainability. Patent declines, while partially reflective of national trends, further highlight challenges in converting R&D inputs into measurable innovation outputs. As the state continues to expand its innovation economy, ensuring a more balanced mix of research sources will be key to reinforcing systemic capacity and resilience.

Academic R&D Expenditure per $1,000 of State GDP



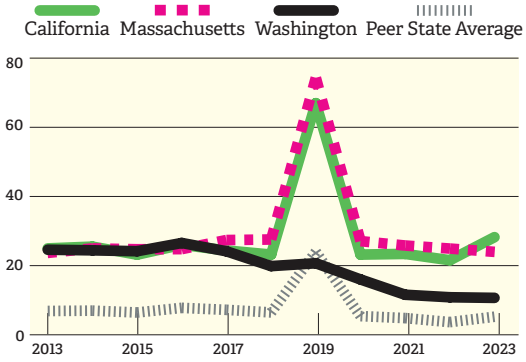
Source: Science & Engineering State Indicators

Federal R&D Expenditure per $1,000 of State GDP



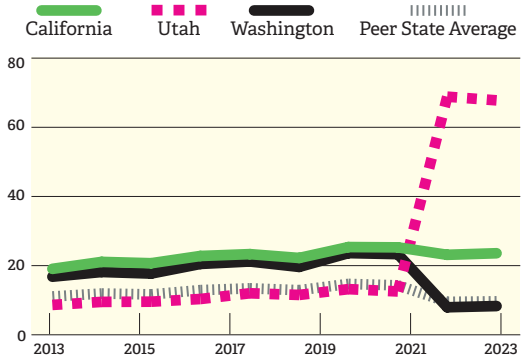
Source: Science & Engineering State Indicators

Patents Filed per Million Population



Source: United States Patent and Trademark Office (USPTO)

Patents Issued per Million Population



Source: USPTO

FURTHER ANALYSIS: CONNECTING INNOVATION AND ENTREPRENEURSHIP

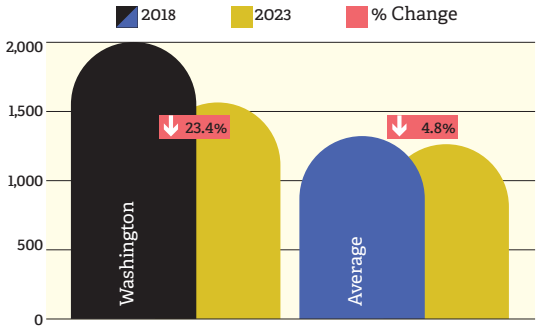
Washington's innovation and entrepreneurial ecosystems operate with overlapping strengths but are defined by different growth dynamics. On the innovation side, more than 95% of total R&D is sourced from the private sector. This commercial orientation aligns with Washington's growth in venture capital investment, deal activity, and fund expansion.

Venture capital trends mirror this orientation. Washington has recorded a 135.6% increase in VC fund size, surpassing the peer average and expanding early stage financing networks that align with commercial R&D outcomes. The IT and healthcare sectors—both high recipients of business R&D—also attract the most venture capital, demonstrating how applied innovation is translating into entrepreneurial momentum.

Nonetheless, limited investment in academic and federal research creates gaps in foundational knowledge and science-based startups. Peer states like Maryland and Massachusetts, with more balanced R&D portfolios, benefit from broader innovation pipelines that support a wider range of venture activity.

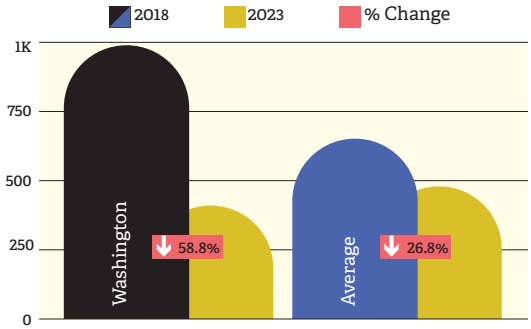
Washington's innovation trajectory depends on maintaining this downstream translation from commercial research into entrepreneurship while addressing upstream gaps in basic research. This duality highlights the need for cross-sector connectivity to sustain innovation across all stages of development and commercialization.

Patents Filed per Million Population; Change WA vs Avg



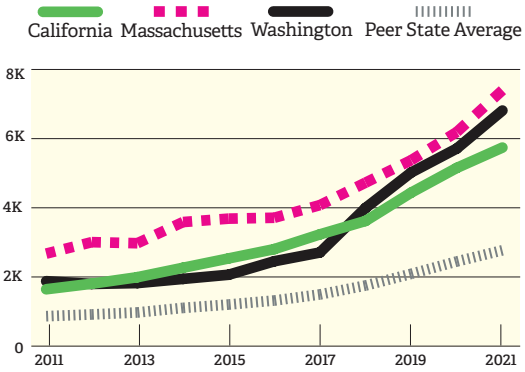
Source: USPTO

Patents Issued Per Million Population; Change WA vs Avg



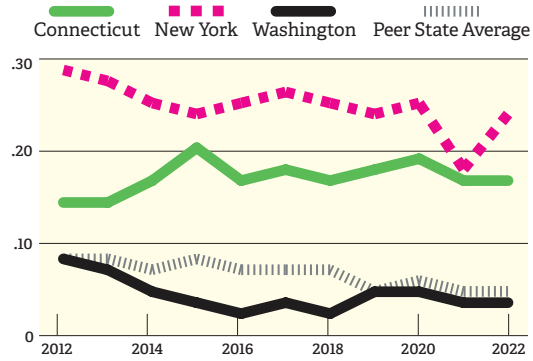
Source: USPTO

R&D Expenditure per Capita



Source: Science & Engineering State Indicators

State Agency R&D Expenditures per $1,000 GDP



Source: Science & Engineering State Indicators

ENTREPRENEURIAL CLIMATE: INTRODUCTION

Washington's entrepreneurial ecosystem shows strong upward movement in capital formation, fund growth, and sector specialization. Though the state lags national leaders like California and Massachusetts in absolute volume, it consistently outpaces peer states in growth metrics across venture capital (VC), fund development, and investment focus areas. Later-stage funding gaps and exit limitations continue to restrict scale-up potential.

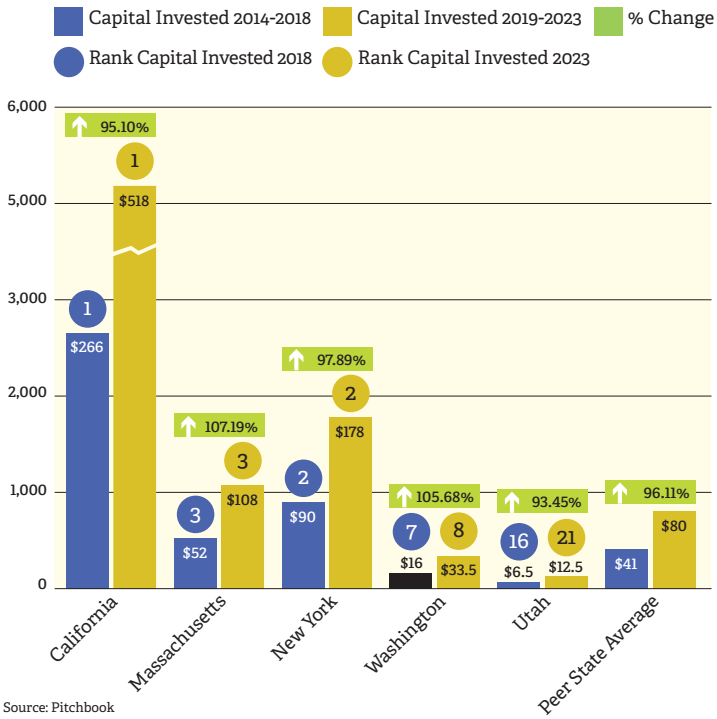
Washington's strengths are most visible in the healthcare and IT sectors, which attract a significant share of VC activity and align with the state's technical labor force and business R&D emphasis. Investment trends, deal activity, fund capacity, and sector-level patterns present a comprehensive picture of how the state's startup environment compares nationally. These metrics help contextualize Washington's entrepreneurial competitiveness and its alignment with innovation drivers.

ENTREPRENEURSHIP DATA ANALYSIS

Venture capital activity in Washington demonstrates strong underlying momentum. The state's total VC capital investment has grown by 105.7% over the past decade, outpacing the peer average of 96.1%. However, absolute VC investment remains modest compared to national leaders. For instance, California reached over $77 billion in VC investment in 2023 alone, while Washington remained in the second tier with $3.5 billion. Utah and Texas, although starting from lower bases, have posted rapid growth percentages. [Chart: VC Capital Investment Growth]

VC deal counts in Washington have grown at a 25.4% rate when comparing the most recent five-year period (2019–2023) against the previous five-year period (2014–2018), exceeding the peer average of 22.6% and indicating steady improvement in deal flow. Nonetheless, Washington's deal volume ranks below top-tier peers like Massachusetts and California. [Chart: Total Deals Closed by VC Growth Trend]

VC Capital Investment Growth (In $ Billions)



Source: Pitchbook

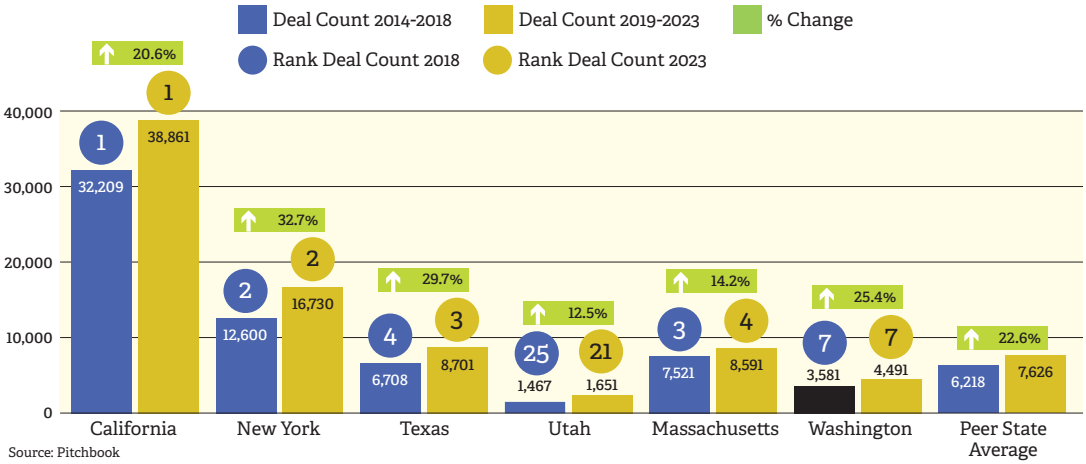
ENTREPRENEURIAL CLIMATE

VC fund formation highlights significant growth: Washington's fund size rose 135.6% over the past decade—well above the peer average of 93.3%.This suggests strong institutional confidence and reinforces the availability of early-stage capital, though limited late-stage fund presence still affects the ability to scale high-growth startups locally. [Chart : VC Fund Size]

Washington also trails in exit volume and capital raised through exits, though growth rates are positive. Exit capital rose by 42.1%, while peer states saw an average decline. [Charts: Exit Capital Growth; Exit Deal Count Comparison]

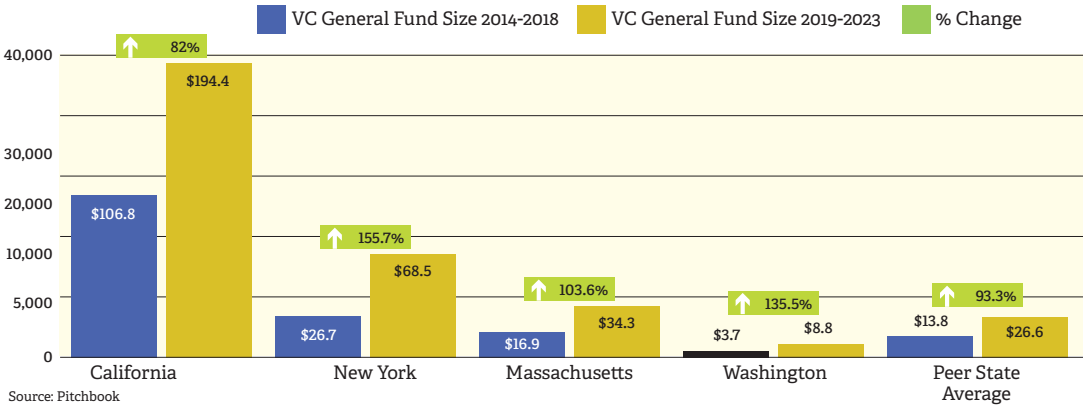
Key investment sectors in Washington include healthcare and IT, which together accounted for over 70% of total VC capital deployed in 2022 and dominate both VC deal and capital distributions. [Charts: Number of Deals Closed by Sector (VC); Total Venture Capital Invested by Sector]. This sectoral concentration aligns closely with trends observed in peer states—including Utah—where IT and healthcare also receive the majority of investment. This pattern reflects broader national trends and highlights Washington's strengths in technical talent and business R&D concentration. IPO activity remains consistent but limited in scale, with fewer than seven IPO exits annually, highlighting persistent challenges in scaling startups to public markets.

Total Deals Closed by VC Growth Trend



Source: Pitchbook

VC Fund Size (In $ Billions)



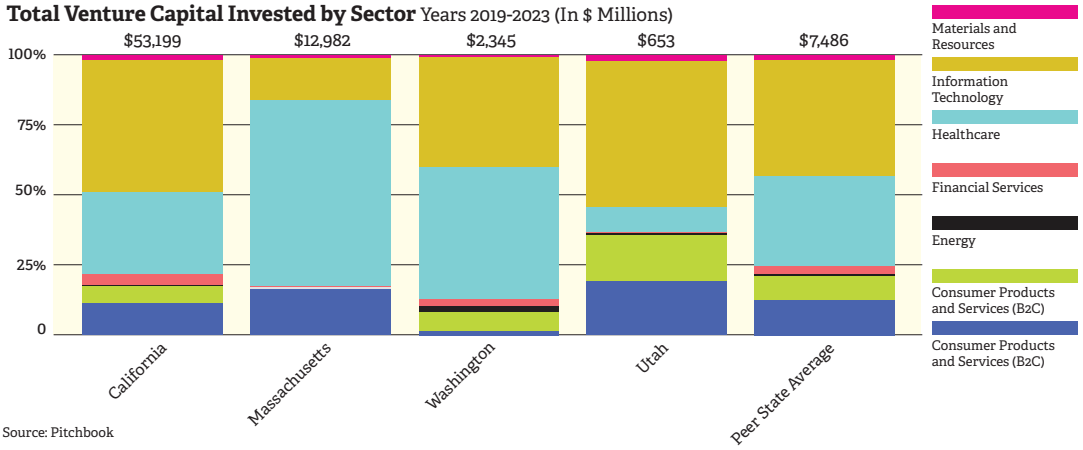
Source: Pitchbook

ENTREPRENEURIAL CLIMATE

Washington's startup ecosystem has shown strong early-stage momentum, supported by robust capital formation and a growing fund base. The overall investment trend across all deal types—including venture capital, private equity, and mergers and acquisitions—has grown at an annualized growth rate of 8.0%, while the deal count has increased by 5.7%. However, challenges remain in scaling venture outcomes and sustaining growth through later-stage investment and exit activity.

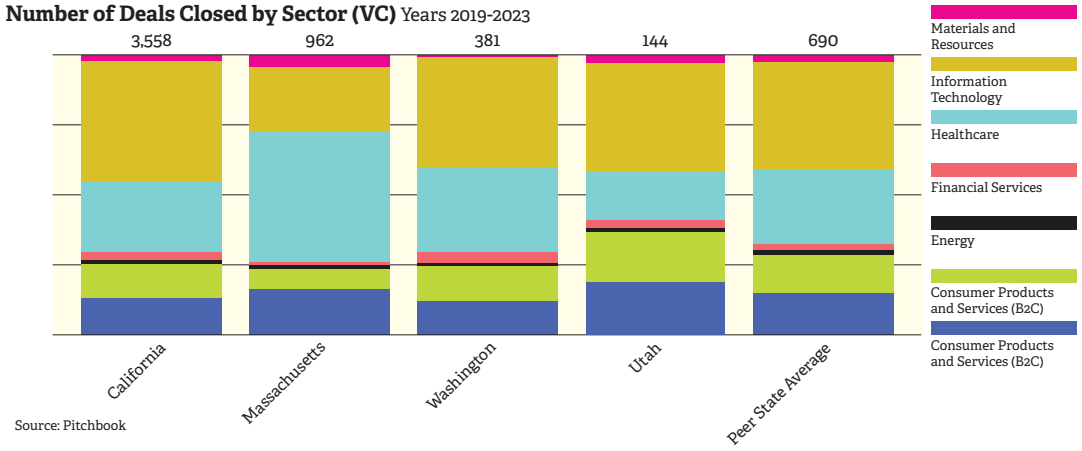
Washington's entrepreneurial activity remains concentrated in IT and healthcare—sectors that account for the highest-value exits in the state. According to exit data, Remitly stands out as a top VC-backed exit over the past decade. While this reflects growing momentum in tech-driven innovation, Washington still trails California and Massachusetts in both total exit volume and deal size.

Total Venture Capital Invested by Sector Years 2019-2023 (In $ Millions)



Source: Pitchbook

Number of Deals Closed by Sector (VC) Years 2019-2023



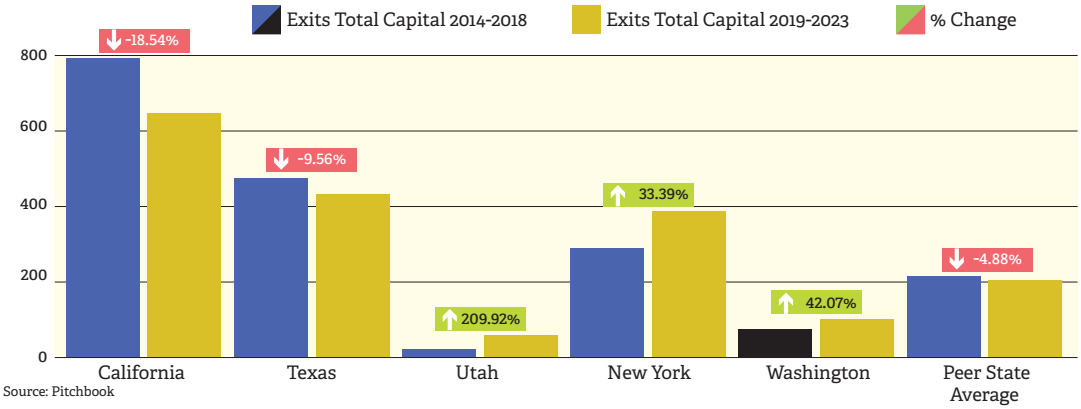
Source: Pitchbook

ENTREPRENEURIAL CLIMATE

While mergers and acquisitions remain the dominant exit type, IPOs have played a modest but consistent role. Sectors driving IPO exits mirror those attracting VC investments, reinforcing the tech-healthcare axis of Washington's innovation economy. [Chart : WA Capital Invested by Sector through IPO Exits]

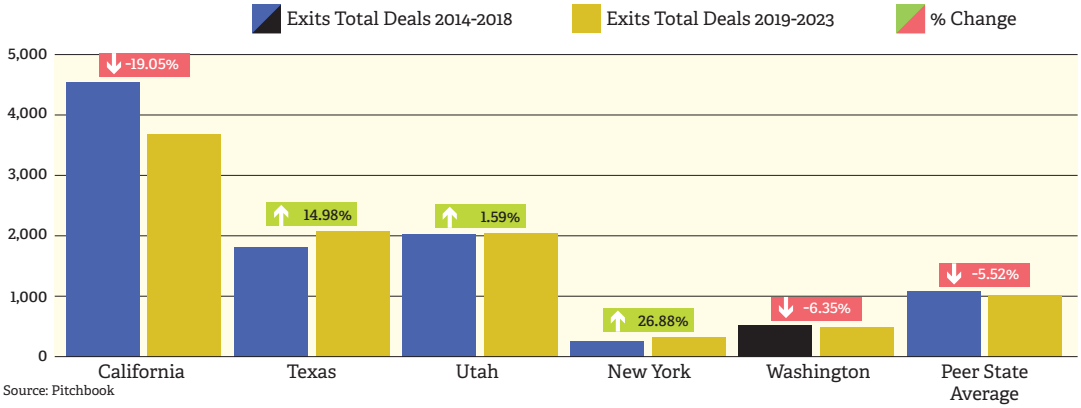
Washington's entrepreneurial ecosystem is defined by strong fund growth, steady investment expansion, and targeted sector success. To sustain this growth trajectory, the scale and frequency of exits will need to increase while diversifying across later-stage investment mechanisms.

Exit Capital Growth



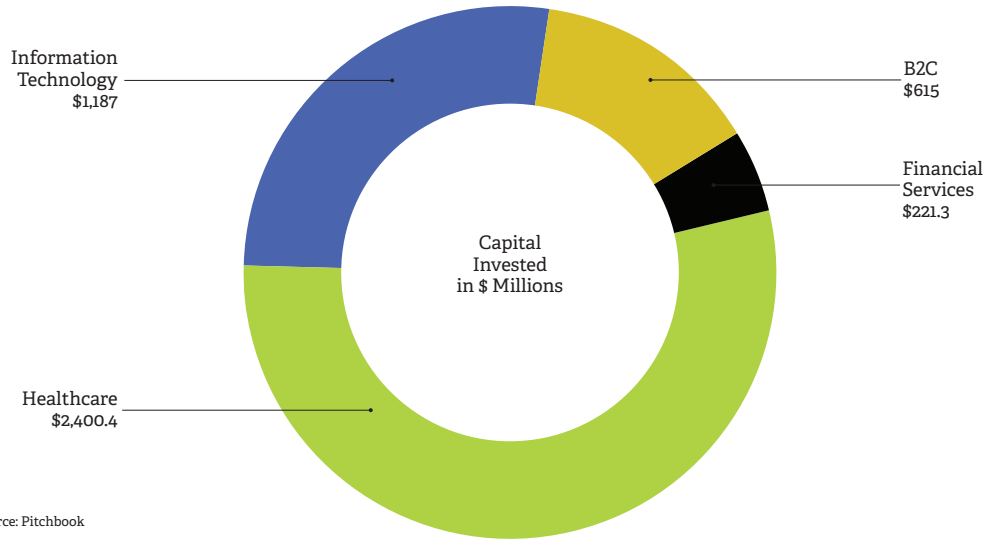
Source: Pitchbook

Exit Deal Count Comparison



Source: Pitchbook

WA Capital Invested by Sector through IPO Exits Years 2013-2023



Source: Pitchbook

CONCLUSION

The 2025 benchmarking report underscores Washington's pivotal role in the national innovation economy, highlighting both strengths and areas for improvement. Over the past decades, Washington has demonstrated significant progress in fostering a skilled workforce, enhancing innovation capacity, and nurturing a dynamic entrepreneurial climate. However, there are critical gaps that need addressing to sustain and amplify this growth.

KEY FINDINGS AND RECOMMENDATIONS:

1. SKILLED AND ADAPTABLE WORKFORCE

Findings:
Despite substantial investments in education at all levels, Washington's K-12 outcomes and non-STEM degree attainment lag behind peer states. While STEM degree completion and workforce participation are strong, non-STEM undergraduate and STEM master's degree attainment continue to trail peer benchmarks.

Recommendations:
Implement system-level reforms to improve K-12 outcomes, focusing on student outcomes rather than on spending inputs. Expand degree attainment across all levels of education to ensure a balanced talent pipeline that supports innovation across diverse sectors.

2. INNOVATION CAPACITY

Findings:
Washington excels in business R&D spending, driven by robust private sector contributions. However, academic and federal R&D investments lag, limiting diversification and slowing the flywheel effect of startups on the economy. Patent activity has also seen notable declines.

Recommendations:
Enhance public investment in academic and federal R&D to support a balanced innovation ecosystem. Increasing support for foundational research will be crucial to diversify and sustain innovation, ensuring resilience across economic cycles. Additionally create a state business climate that retains the corporate R&D investments in Washington, supporting continued economic development and a robust innovation ecosystem.

3. ENTREPRENEURIAL CLIMATE

Findings:
Washington shows strong momentum in venture capital growth rates and fund formation, particularly in the IT and healthcare sectors. However, challenges persist in scaling ventures and sustaining late-stage capital, affecting the ability to scale high-growth startups locally.

Recommendations:
Strengthen late-stage venture capital infrastructure to ensure startups can scale and sustain growth. Foster cross-sector connectivity to support innovation across all stages of development and commercialization, addressing upstream gaps in basic research.

By addressing these areas, Washington can continue to lead technological and economic changes, ensuring a robust and resilient innovation economy for the future. This integration of findings and recommendations provides a comprehensive roadmap for policymakers, educators, and industry leaders to drive meaningful progress and maintain Washington's competitive edge in the innovation landscape.

This report was made possible through the valuable contributions of both individuals and organizations committed to advancing our region's innovation economy. We extend our sincere thanks to the author of the report, William H. Gates Sr. Fellow in Innovation and Entrepreneurship at Technology Alliance Ananya Yashasvi, and to her mentor, Martin Stoddart, Managing Director at Accenture, for his thoughtful input and support throughout the process.

We are also grateful to Accenture, the University of Washington, and Microsoft for their ongoing partnership and expertise. Their engagement and insights played a critical role in shaping the analysis and findings presented in this year's benchmarking report.

Finally, we thank the Technology Alliance Board of Directors for their guidance and continued leadership, which have been instrumental to the success of this effort.

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