

The Ocean State *WAVE*

Growing Economic Opportunities in Rhode Island

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Workforce
Development

A

Advanced
Industries &
Innovation

V

Visitor
Attraction

E

Enterprise
Expansion &
Recruitment



The Ocean State *WAVE*

Letter from Governor Raimondo

It is time for Rhode Island to stop its decline and spark a comeback. Our economy is out of gas, with high unemployment and anemic job creation. We aren't creating enough jobs, and those we are producing are in low-wage sectors that aren't growing. Our workforce is aging and shrinking, and we are not helping enough people build the skills they need to compete.

Our economy is rapidly changing around us. If we do not act, we will continue to lose ground. If we do act, we can expand opportunity and ensure that Rhode Islanders will be winners in this new economy.

Decline does not have to be our fate.

Change won't be easy or happen overnight, but I am optimistic. We must begin now to set ourselves on a path to greater prosperity.

Jumpstarting our economy will lead to more opportunities, better jobs and growing industries, stronger families and thriving neighborhoods. Together we can reignite Rhode Island's economic engine.

Our comeback will occur in phases—each with the twin goals of building advanced industries that can sustain high-wage job growth and anchoring on parts of our economy where we already have strategic advantages.

Rhode Island's comeback starts by making strategic investments in what we call the Ocean State *WAVE*:

1. Workforce development
2. Advanced industries and innovation
3. Visitor attraction
4. Enterprise expansion and recruitment

The *WAVE* represents a substantial step in developing a broader economic strategy. It lays important tracks for us to follow and provides us with key tools. But it will not be the only step: we accompany it in this budget with investments in school construction and infrastructure, alongside regulatory reform and other measures. It is time for Rhode Island to take bold action. We need to learn from past mistakes and have the courage to move forward together.





Our first *WAVE* is ambitious. It will turn heads, change perceptions, and put Rhode Island back in the game regionally and nationally.

Continued

Our new economic strategy will be executed by a talented team of professionals with broad experience. In 2014, the General Assembly recognized the need to coordinate our economic development approach and established the Executive Office of Commerce, now under the direction of Commerce Secretary Stefan Pryor. This office coordinates economic development, business regulation, workforce development, and housing. By aligning these functions and focusing on growth, the Executive Office of Commerce will help to guide the Ocean State *WAVE*.

Our first *WAVE* is ambitious. It will turn heads, change perceptions, and put Rhode Island back in the game regionally and nationally. It must hit with speed and urgency to provide the needed jolt to our still-struggling economy. We will be proposing that significant resources be dedicated to this first phase.

The *WAVE* will help our people build the skills they need to succeed and provide the predictability businesses need to grow and expand with confidence. By driving this bold action, we will create the opportunities for people to make it in Rhode Island.

In the months ahead, I look forward to working together with the General Assembly to set the *WAVE* in motion. Legislators had the vision to make our tax environment more competitive, restructure our commerce organization and reposition government to drive economic development. The proposals outlined in this message will make positive, constructive waves throughout Rhode Island.

Our comeback starts now. Together, we will make it happen.

Gina M. Raimondo

Workforce Development

Building the skills for success

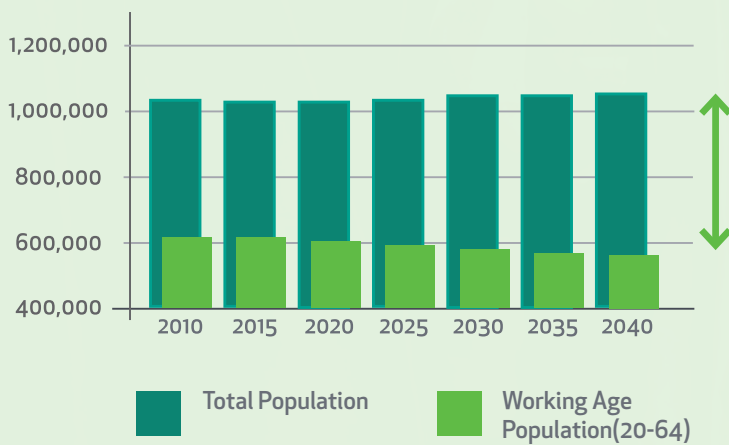
Our comeback starts with our people. Rhode Islanders have charted a course of innovation dating back to the 18th century, and they will propel us through the 21st century at top speed. As part of a broader effort to help people gain the skills they need to compete and to match employers with qualified employees, we will:

- 1. Restructure our workforce training system to be more employer driven and performance based** through our Department of Labor and Training. We must align our training efforts with the needs of employers to make sure Rhode Islanders have the right skills for success. We want to train people for jobs that actually exist. This effort will yield a more responsive workforce development system that we will pair with rigorous performance measurement to create better opportunities for more Rhode Islanders.
- 2. Build education/employer partnerships for grades 9-14 in key sectors** to increase coordination among high schools, community colleges, and businesses to forge clear pathways to good careers. A program designed in collaboration with IBM was recently introduced in several high schools in Connecticut and New York to move groups of entering freshman through five or six years of curriculum and mentorship, with an associate's degree and good job waiting at the end. For Rhode Island's large employers, and clusters of employers, similar partnerships could create a steady stream of talented, trained workers. For our young people, these partnerships would mean opportunity.
- 3. Establish a college loan reimbursement program to keep young, talented students here after graduation.** Our competitive "Wavemaker Fellowship" initiative will reimburse annual student loan payments for 4 years for about 100 graduates pursuing careers or starting businesses in technology, engineering, design, and other key sectors. Two-thirds of the fellowships will be for Rhode Islanders, with the remaining spots awarded to out-of-state students to fuel our economy further.
- 4. Spark the creation of more affordable housing,** using state funds to leverage federal dollars and preserve or produce up to 300 housing units. This initiative will provide more affordable housing for young workers and others, and it will create a significant number of good construction jobs in the process as well.
- 5. Create opportunities for students to pursue college credit or a career after high school through Prepare RI,** which will empower qualifying students across the state to take post-secondary courses while they're in high school at no cost to the student. Whether they want to go to college or start a career right after high school, we want to make the path to a degree or industry certification more affordable and more attainable.

Opposite page: These projected figures can be found at: <http://rhodemapri.org/wp-content/uploads/2014/09/Economic-Dev-Plan-Full-Draft-for-Public-Hearing-Review.pdf>



Working Age and Total Population



Advanced Industries & Innovation

Attracting new business, supporting existing enterprises

Rhode Island's comeback depends on priming our advanced industries and our innovators for growth. There is a set of innovative companies in manufacturing, technology, maritime, food, and other sectors that already call Rhode Island home. And there are many more budding entrepreneurs in our midst. To help position them for success, we will:

- 1. Create a Small Business Assistance Program and an Innovation Initiative** to expand access to capital so that small and growing businesses can thrive in Rhode Island. Unlike our neighboring states, Rhode Island lacks a state-backed small business loan fund. This new initiative will help small businesses across our state expand. Our comeback cannot occur without ensuring that our small businesses are healthy and growing. The Innovation Initiative, meanwhile, will combine public and private dollars to support promising companies in advanced manufacturing, technology, and other strategically important sectors.
- 2. Establish an Innovation Voucher program** for small and midsize businesses. This competitive program will allow businesses to earn vouchers they can redeem for research and development (R&D) assistance from colleges, universities, and other local institutions. Not only will this program spur innovation, but it will also connect small and midsize businesses more closely with the world-class research institutions in Rhode Island, fostering an ecosystem of mutual support and progress.



Above: Slater Mill was the first successful cotton-spinning factory in the United States. It is now a National Historic Landmark housing a museum, Jencks Education Conference Center, and Hodgson Rotary Park.

Opposite Page: Photo Courtesy of KVH Industries, Inc.

- 3. Offer competitive sector grants** to catalyze stronger partnerships among companies in key industry sectors. Too often, Rhode Island does not capitalize on its geographic size, and businesses within close proximity of one another do not collaborate to solve problems, exchange technologies, and share talent. This program would foster new initiatives where they do not yet exist, while strengthening ones that do, using Rhode Island's size to maximum advantage and equipping our key sectors to grow.
- 4. Implement an Anchor Tax Credit** that incentivizes our largest employers—the anchors of our economy—to attract their suppliers, affiliates, and customer companies here to Rhode Island. These employers will benefit from having related businesses close by, and the state will gain new enterprises and jobs.



Visitor Attraction

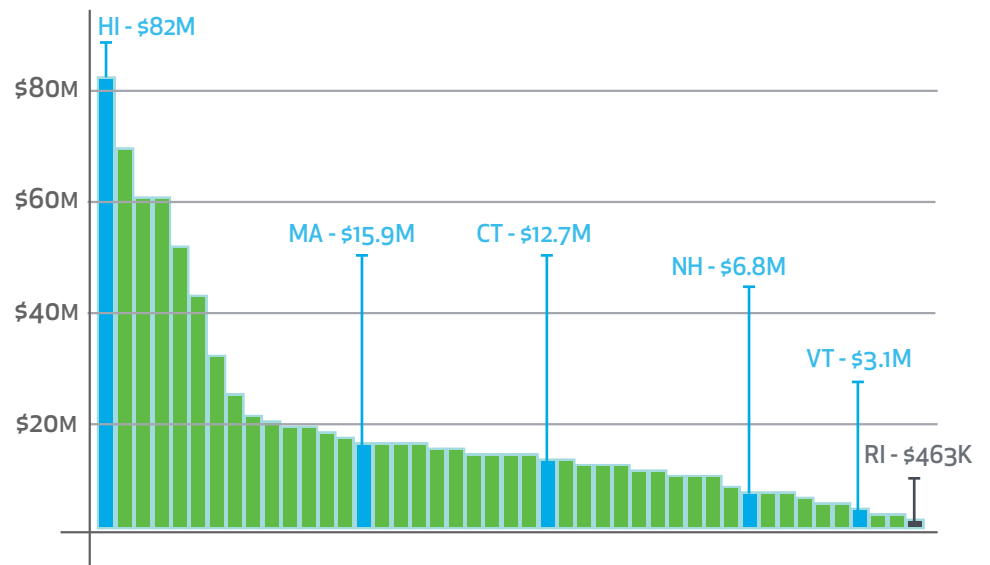
Rhode Island's comeback depends upon restoring our image

We must put the Ocean State on the radar for tourists considering their next trip and for businesses looking to grow. The state has failed to invest adequately in a statewide campaign to attract visitors and businesses and has taken a fractured and uncoordinated approach to tourism spending.

According to the most recent [data](#)¹, Rhode Island invests just six percent of what other Northeast states spend on coordinated, statewide tourism promotion. Regional tourism bureaus do their best but do so without a strong statewide brand. A positive state image would push the tourists and convention-goers of today to be the residents and business owners of tomorrow. To restore Rhode Island's brand, we will:

- 1. Launch a major state tourism marketing campaign,** promoting Rhode Island as a vacation and leisure destination across the region and country. We will develop a compelling brand for our state and deploy our resources across various media. We aim to turn heads, change minds, and drive decisions—all with the goal of presenting Rhode Island as the best place in New England to vacation.
- 2. Launch a focused business marketing campaign,** in partnership with chambers of commerce and local businesses, to promote Rhode Island at conventions across the country, in conversations among chief executives, and on the roadways and airwaves. Rhode Island is missing out on opportunities to be at the table, while other states are well-represented. We will leverage private dollars and put Rhode Island back on the map for investment and growth.

Statewide Tourism Spending



These figures include state-level, not local-level tourism spending. State dollars tend to build a statewide brand, which is crucial to building a state image (Tourism Marketing and Branding Investment Plan by TRC/NTG)



Rhode Island spends just 6%
of what other Northeast states
do building a statewide brand.

Enterprise Expansion & Recruitment

Growing business and attracting investment

Growing and attracting businesses is essential to Rhode Island's comeback. Not only must we equip our workforce with competitive skills, position our advanced industries for growth, and restore our state's image, we must also enable and encourage businesses to create jobs. We remain among the last states in the nation in unemployment and job growth: approximately [35,000](#)² of our residents want work and cannot find it.

We must be proactive to get companies to invest here. Many states already have strong tools to support business growth. Without competitive programs, Rhode Island is at a severe disadvantage. We rank [43rd in population](#)³ but 45th in overall construction expenditures and 50th in warehouse development. It is time that Rhode Island started punching above—not below—its weight. To bring good jobs to Rhode Island, we will:

- 1. Introduce a job creation tax credit**, particularly well-paying jobs in advanced industries and other with special emphasis on well-paying jobs in advanced industries. Our goal is to enable employers ranging from large manufacturers to small tech companies to hire more workers – providing opportunities to our residents and fueling the growth of our businesses. We will implement these credits with rigorous accountability provisions and will ensure that the investments' benefits outweigh their cost.
- 2. Establish First Wave funds** to catalyze major real estate developments in the 195 District and statewide, that bring large numbers of jobs and opportunities to Rhode Island. We need the tools to attract new world-class institutions and other key assets to the Knowledge District – nestling them among outstanding universities and hospitals that already call this district their home.

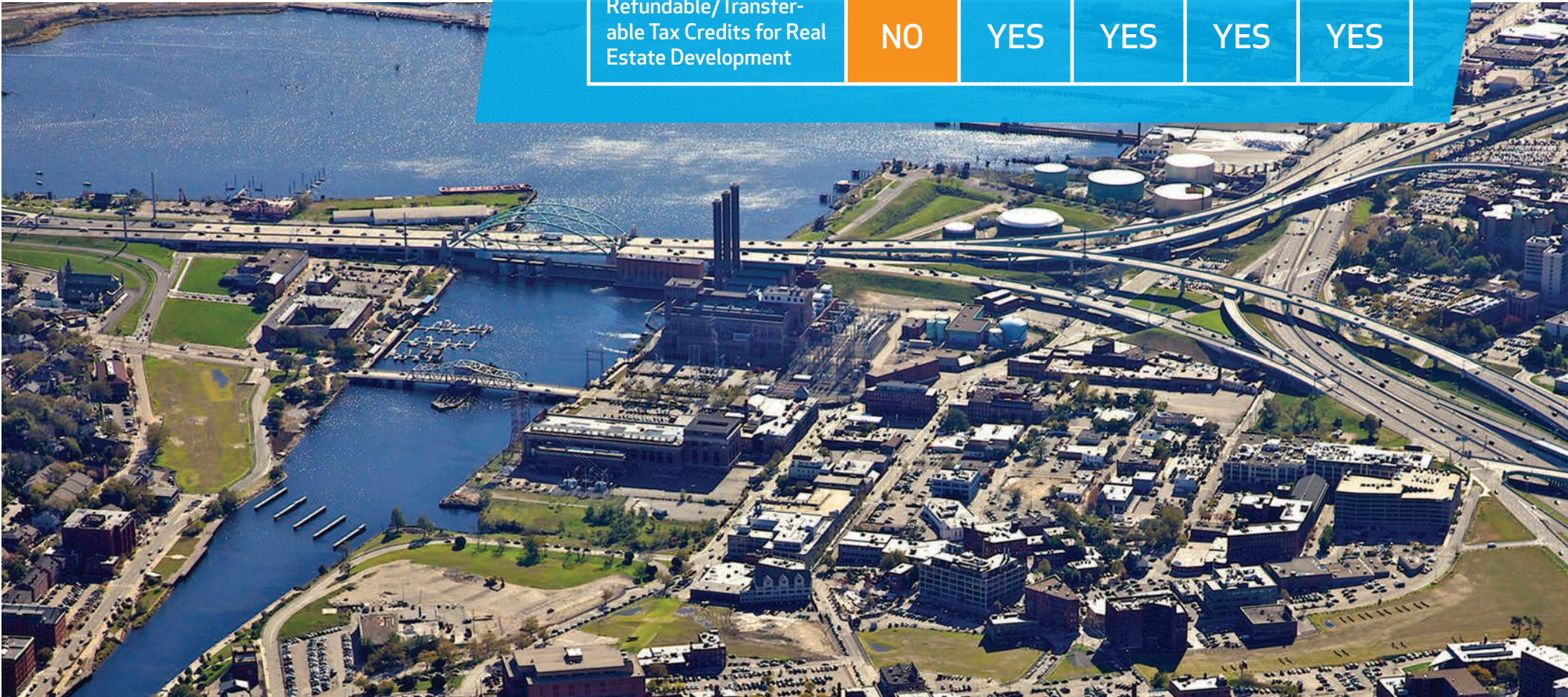
Statewide, these funds will provide us the flexibility to make critical investments, resolve make-or-break issues and close big developments that bring good jobs to Rhode Island.

- 3. Create real estate tools** that encourage the construction of job-producing projects, and especially strengthen development in urban areas and in historic structures. We propose a package of redeemable Rebuild Rhode Island tax credits, state-level tax increment financing, and assistance for local tax stabilization agreements that will make investing in construction and development in Rhode Island a compelling proposition.
- 4. Launch a business one-stop service and building permit initiative** to help businesses navigate red tape and approval processes at the state and local levels. In addition to shepherding businesses through state regulations and requirements, the one-stop service would connect them with state programs and services to help them grow. Our municipal permit initiative, meanwhile, would ensure efficient building permit and fire inspection processes for state-supported projects, helping more job-creating developments go from groundbreaking to ribbon-cutting.
- 5. Establish an Infrastructure Bank and Main Street RI initiative** to help businesses lower energy costs and municipalities invest in needed infrastructure. The Infrastructure Bank will help Rhode Island create jobs, reduce energy costs, and conserve energy by becoming a leader in energy efficiency and renewable energy development. It will combine a number of energy-related programs from across the state government and create an accessible set of resources for businesses and residents seeking green solutions and savings.

Tools In Our Economic Development Toolkit

Main Street RI, meanwhile, will provide funds to upgrade streetscapes in local business districts, including place-making improvements such as streetlamps, benches, and medians – enhancing the environment for business and inviting further investment.

	RI	MA	CT	NJ	NY
State-level Tax Increment Financing	NO	YES	YES	YES	YES
State-funded Small Business Loan Program	NO	YES	YES	YES	YES
Refundable/Transferable Tax Credits for Real Estate Development	NO	YES	YES	YES	YES



Our Comeback Starts Now

Decline does not have to be our fate. Today we start a comeback. It won't be easy and it won't happen overnight, but it will make Rhode Island a better place. Drawing upon our heritage of innovation, investing in our workforce, and building upon our assets, Rhode Island can reach its full potential. Our comeback starts today, with strategic investments in building the Ocean State WAVE:

1. Workforce development
2. Advanced industries and innovation
3. Visitor attraction
4. Enterprise expansion and recruitment

Through this bold action we will create opportunities for people to make it in Rhode Island once again.

web links

1 <http://www.commerceri.com/documents/reports/Tourism Marketing Investment Plan 12-2014.pdf>

2 <http://www.dlt.ri.gov/lmi/laus/state/seas.htm>

3 <http://www.census.gov/popest/data/state/totals/2014/index.html>



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