

Oregon Shines II:

Updating Oregon's Strategic Plan

A REPORT TO THE PEOPLE OF OREGON

January 21, 1997



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From The Oregon Progress Board &
The Governor's Oregon Shines Task Force



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Ways You Can Help Achieve Oregon's Goals for a More Prosperous Future

Goal 1: Quality jobs for all Oregonians:

- ✓ Provide a job shadowing experience for a student
- ✓ Help prepare a resume for someone looking for work
- ✓ Provide training in your area of expertise
- ✓ Volunteer for Junior Achievement or some other school-to-work program
- ✓ Mentor young entrepreneurs eager to start their own businesses
- ✓ Share your knowledge of international markets with other small businesses
- ✓ Purchase Oregon products and services
- ✓ Give employees opportunities to obtain additional education and training
- ✓ Help your employees balance their work and family obligations

Goal 2: Safe, caring and engaged communities:

- ✓ Register and vote
- ✓ Read to a young child in a local school
- ✓ Get to know your neighbors
- ✓ Run for local office or school board position
- ✓ Participate in neighborhood associations
- ✓ Reach out and help someone less fortunate
- ✓ Become a foster parent for children in need of safe homes
- ✓ Volunteer for community youth organizations such as Boys and Girls Clubs
- ✓ Offer occasional child care for a family in your neighborhood
- ✓ Help your children with their homework and let them read to you at night
- ✓ Visit an assisted living facility and spend time with older Oregonians
- ✓ Support group homes for developmentally disabled people in your neighborhood

Goal 3: Healthy, sustainable surroundings:

- ✓ Participate in local recycling activities
- ✓ Volunteer for SOLV's beach cleanup program
- ✓ Make donations to Oregon's environmental programs
- ✓ Take public transportation to work at least once a week
- ✓ Car pool whenever possible
- ✓ Support the upkeep of public roads, parks, schools, sewer and storm water systems
- ✓ Protect the land use planning process so there is enough land for agriculture
- ✓ Restore salmon habitat by planting trees and plants along the banks of streams and rivers (contact your local Watershed Council)

After all, Oregon's future is everybody's business.

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Executive Summary

Oregonians can be proud of all that has been accomplished to make the state a more prosperous and desirable place in the past seven

Many Oregonians share a renewed sense of optimism

years. When *Oregon Shines* was written in 1989, Oregon was coming out of a deep recession where unemployment had reached double digits and incomes had fallen dramatically.

Things are very different today. The economy is more diversified, unemployment has reached historic lows, and incomes have risen. Many Oregonians share a renewed sense of optimism.

In April 1996, Governor John Kitzhaber formed the Governor's Oregon Shines Task Force to work with the Oregon Progress Board to assess what has been accomplished since 1989, and to recommend how to change the plan to accommodate new realities. The Task Force consulted with hundreds of business and civic leaders around the state, worked with consultants to analyze trends in society and the economy, and examined the Benchmarks used to chart progress toward the *Oregon Shine's* goals.

This study reaffirms the value of having a long-term vision for Oregon. The pace of

This study reaffirms the value of having a long-term vision for Oregon

change keeps most of us focused on the present, even in the midst of a major economic and social transformation. The Oregon Progress Board's responsibility is to remind us of our shared vision, monitor our progress in achieving measurable goals, and bring choices to our attention.

The Oregon Benchmarks, 259 measures of success developed as part of this process, have provided many Oregonians with broad goals for

their work. They have been a powerful catalyst for change by facilitating collaboration to achieve established goals.

There has been a remarkable turnaround in Oregon's economy, but we cannot afford just to celebrate success. New technologies and global competition are reshaping our economy and altering the nature of work. Families and communities are buffeted by new and unexpected stresses. In some parts of the state, our treasured quality of life is showing signs of deterioration as a result of population growth and environmental limits. And some Oregonians are being left behind.

Because the economy is expected to remain robust for at least the remainder of the decade, Oregon will have sufficient resources to shape a future that can provide its citizens with economic growth and an excellent quality of life. This will not occur, however, without planning for that future. The recommended recipe for Oregon's continued success includes these four critical ingredients:

1. a value-adding, diversified, export-driven economy;
2. public and private investment in education, infrastructure and social support;
3. strong community-based partnerships focused on achieving outcomes;
4. a new vision for the natural resource-based sectors of Oregon's economy.

Oregon Shines identified three major goals for revitalizing the economy:

1. Build a Superior Workforce;
2. Maintain an Attractive Quality of Life;
3. Develop an International Frame of Mind.

While these goals have served Oregon well, the Task Force¹ recommends a shift in emphasis toward the well-being of families and communities and the condition of our

¹ "Task Force" will be used in the text to indicate statements by the Governor's Oregon Shines Task Force and the Oregon Progress Board.

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surroundings. This shift is motivated by concern about the forces described above, and by what the Benchmarks tell us about how effectively goals have been achieved.

Our vision for Oregon continues to be “a vital, prosperous Oregon that excels in all spheres of life.” Like the drafters of *Oregon Shines*, the Task Force envisions diverse

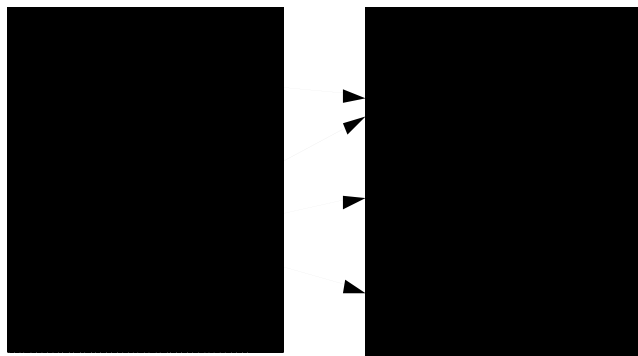
Our vision for Oregon continues to be “a vital, prosperous Oregon that excels in all spheres of life.”

businesses that provide quality jobs. Future Oregonians will have the knowledge and skills to perform those jobs well. Oregon communities will be safe, caring and engaged places with quality facilities and services, and we will enjoy healthy and sustainable surroundings.

Specifically, the recommended goals are:

1) Quality Jobs for All Oregonians; 2) Safe, Caring and Engaged Communities; and 3) Healthy, Sustainable Surroundings. The figure below shows the relationship between the original and revised goals.

Figure 1 — Shifting Emphasis in Oregon Shines Goals



Updating *Oregon Shines* — Major Findings

The public mood has shifted within the last two years. Together with low unemployment and rising incomes, a renewed self-confidence and willingness to think about the future are emerging. Still, many Oregonians are having a

difficult time making ends meet; a third of us are worried about financial security. As the steps in Figure 2 illustrate, when unemployment rates are high, people want more jobs. As the economy improves, the public focus shifts to better jobs and eventually to better lives.

In meetings throughout Oregon, Task Force members found civic leaders to be typically more optimistic than the general public. Most are eager for Oregon to mount the third step to better lives. A substantial minority, though, is still

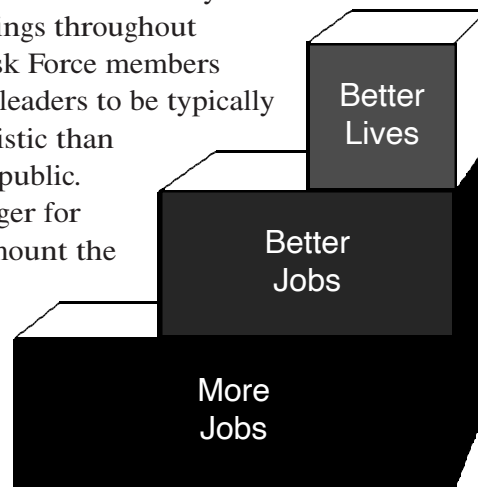


Figure 2 — Aspirations Rise as The Economy Improves

more and better jobs. Most participants in recent focus groups with randomly selected members of the general public perceived that Oregon's economy had turned around, but they had not experienced an improvement in their own lives.

Oregon has done well in diversifying and strengthening its economy. Now Oregon must focus even harder on developing a well-trained work force to fill the jobs that are being created. “Quality Jobs for All Oregonians,” reflects the continued importance of economic improvement with emphasis on the education and training of current Oregon residents.

The Benchmarks show that a healthy economy alone is not sufficient to solve the twin scourges of poverty and crime. The philosophy underpinning *Oregon Shines* was that well-paying jobs would create opportunities that would reduce poverty and crime. This has not occurred to the degree expected.

Benchmarks on congestion and housing affordability raise serious concerns about the long-term health and sustainability of our

surroundings. While Oregonians are painfully aware of the conflicts that have arisen regarding natural resources, the Task Force believes it is time to build consensus around a vision for the future sustainability of Oregon's natural environment.

The Benchmarks show that a healthy economy alone is not sufficient to solve the twin scourges of poverty and crime.

Three initiatives chosen for special focus in *Oregon Shines* have shown mixed success. Oregon has made tremendous progress in reducing the cost of doing business in the state. Stronger institutional partnerships, especially between different levels of government, are a reality. Unfortunately, Oregon has not kept up with its infrastructure needs and Measure 47, the recent tax limitation measure, could make matters worse.

GOAL 1: QUALITY JOBS FOR ALL OREGONIANS

Overview

Between 1979 and 1982 Oregon lost more than 25,000 good jobs in the forest products industry along with many other jobs that relied upon them. The solutions developed in the 1980s included retraining programs, school reform and the attraction and expansion of businesses in other industries. There has been a remarkable turnaround in Oregon's economy in the early 1990s with tens of thousands of good jobs being created but companies are relying upon out-of-state recruitment because many Oregonians are not qualified for the best jobs. Also, some communities have not benefited from the state's overall prosperity. The two-pronged solution is to 1) improve education and training; and 2) increase the competitiveness of Oregon business in the global economy.

What Oregonians Care About

Opinion polls indicate that the economy/jobs and education at all levels remain among the most important issues in Oregon.

Major Forces Reshaping Oregon's Economy

- New Technologies
- Global Competition

Has Oregon Made Progress?

- Companies in the fast-growing electronics and computer industries have flourished; however, other technology-generating industries, including software, aerospace, biotechnology, and communications are still small compared to other states.
- Oregon is creating thousands of good jobs, but too few Oregonians qualify for the better ones.
- Exports have increased, especially in high tech, but Oregon continues to be a net importer of high-end professional services.
- Oregon's turnaround has been geographically uneven.

Vision for Oregon: Jobs — Oregon will have a high-wage economy and a superior quality of life.

Where Do We Want To Be?

The Task Force continues to support the vision of maintaining a superior quality of life as our economy improves. More than ever before, incomes and opportunities link to education. Oregon will be competitive only if our education system is preparing Oregonians for tomorrow's jobs and if conditions foster the growth of Oregon businesses and firms.

In a global economy a worker has one of two things to offer— skills or the willingness to work for low wages. Oregon is not interested in trying to compete with other Pacific Rim nations on the basis of low wages.

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This calls for a two-pronged solution: 1) improve education and training; and 2) increase the competitiveness of Oregon business in the global economy. If both are achieved, then Oregon's per capita income should rise above the national average early in the 21st century.

The Education Continuum

Workforce continues to be the most important element of Oregon's strategic plan. While many changes have been made in the state's education and training system following the release of *Oregon Shines* in 1989, the state has not been making the corresponding financial investments that would bring our schools to international standards and make higher education a greater asset to the economy.

- ✓ 1.1 — Oregon's workforce will be the best educated and trained in America by the year 2000, and equal to any in the world by 2010.

The Economy And Jobs

Diversify

While all industries are using new technologies, those that generate new technologies have become more important drivers of our new knowledge-based economy. Therefore, Oregon must address the factors necessary to the growth of industries like electronics, computers, software and other R&D intensive industries.

- ✓ 1.2 — Oregon will be one of the top ten states in America to start and grow a technology company by 2000.

Oregon's rural economies have special needs that require attention from state government.

- ✓ 1.3 — State agencies will coordinate their efforts with local communities to diversify and strengthen the economies of rural Oregon.

Add Value and Export

Goods

Many regions of the state will continue to grow and harvest existing crops because the altitude and growing conditions are particularly suited to them. However, greater reliance upon innovation in agriculture, forestry, and fisheries could increase product values in Oregon's natural resource-based industries.

Oregon's export opportunities are not limited to its natural resource-based industries. The number of companies engaged in international trade grew in the 1990s and Oregon exports, particularly high tech exports, increased sharply. Still eight out of 10 Oregon companies do not export. With new trade opportunities opening on the Pacific Rim the potential is high for further increases.

- ✓ 1.4 — More Oregon companies will export higher-valued products.

Professional Services

With the improvements in modern manufacturing most of a product's value is now added by professionals before and after manufacturing. Therefore, professional services will be increasingly important to Oregon's economic competitiveness.

We usually think of exporting products, but when an advertising firm like Wieden and Kennedy sells its services to out-of-state clients like Coca Cola and Microsoft, cash flows into Oregon's economy. Therefore, competitive professional services can be not only an important value-adding component of the economy, but also a potential Oregon "export." However, Oregon is currently a net importer (by 14%) of legal, financial, and other high-end professional services. Oregon's economy will be stronger if Oregon companies get more of their high-end professional services in this state.

- ✓ 1.5 — Oregon will be a net exporter of high-end professional services by 2010.

Support Small Business

Oregon is a small-business state. Nine out of ten Oregon businesses and firms have fewer than 20 employees. These private enterprises provide a wide variety of products and services important to the state's economy.

- ✓ 1.6 — Oregon's policies will support small business by providing adequate infrastructure while holding down the costs of doing business.

Increase Incomes for Oregonians

While overall quality of life, Oregonians' second paycheck, is an important factor not to be discounted, incomes remain a key indicator of Oregon's standard of living and overall well-being.

- ✓ 1.7 — The goal stated in the original *Oregon Shines* to raise per capita income to exceed the national average is reaffirmed.

GOAL 2: SAFE, CARING, ENGAGED COMMUNITIES

Overview

In the 1980s, social problems were increasing. The proposed solution was to improve the economy in hopes of relieving some of the financial stress on families and individuals. In spite of the economic turnaround, however, government social service agencies and non-profit organizations have seen an increasing number of more complex cases in the 1990s, and the waiting lists for services have been getting longer. We can now see that changes in American society are placing more stress on families, and that solutions must address root causes through local, targeted projects with shared responsibility for improved outcomes. The two-pronged approach is to 1) minimize preventable social costs and 2) build strong communities that support families and help restore hope.

What Oregonians Care About

The Oregon Business Council's *Values and Beliefs Survey* found that family life is at the top of our list of personal values. Civic affairs, however, are near the bottom.

Participants in Task Force-sponsored regional meetings expressed concern about a sense of community that is fading or even lost entirely. They recognized the strains on families and worried about the next generation — the development of good citizens and productive members of the community. Recent tax-limitation votes also indicate that many voters are very concerned about high property taxes and do not trust that government will use their tax dollars wisely.

Major Forces Reshaping Oregon's Families and Communities

- Loss of trust and declining civic engagement
- More stress on families

Has Oregon Made Progress?

- Juvenile crime and student drug use rates have increased.
- Housing affordability is a growing problem.
- Oregon's poverty rate has remained below the national average but has not improved despite a strong economy.
- Many more Oregon children have health insurance.
- Oregon's infant mortality rate has decreased significantly.

Vision for Oregon: Communities — Oregon will be a place where all families and individuals can prosper.

Where Do We Want To Be?

The Task Force recommends a two-part strategy to strengthen communities and families: 1) minimize preventable social costs and 2) build strong communities that support families and help restore hope.

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Preventing Social Costs

Oregon is already a leader in developing programs to prevent social costs. This position could be strengthened by emphasizing two strategies:

- ✓ 2.1 — All aspects of society will encourage responsible parenting and mentoring of children.
- ✓ 2.2 — Oregon will be a leader in developing state/local partnerships that address root causes of social problems.

Three areas recommended for special focus are: preventing crime; reducing abuse; and promoting wellness and independence.

Preventing Crime

Research has shown that providing a range of prevention and early intervention strategies is the most cost-effective means of preventing crime. By focusing on youth and intervening at critical junctures in social development, society can prevent many criminal acts later in a person's life.

- ✓ 2.3 — Oregon will prevent crime by emphasizing cost-effective prevention programs that avoid future incarceration costs.

Reducing Abuse

One indicator of an advanced society is how well it protects those least able to protect themselves. Abusers are often individuals who have grown up in abusive homes and/or have themselves been victims of abuse.

- ✓ 2.4 — Oregon will be a leader in reducing abuse and protecting vulnerable individuals.

Promoting Wellness and Independence

Oregon has made significant gains in providing economic access to health care and indicators in the area are improving, but hundreds of thousands of Oregonians still lack

affordable access to prevention-oriented health care.

- ✓ 2.5 — More Oregonians will be healthy and self-sufficient.

Building Strong Communities

With more stress today, all families will need support from their communities at some point. Therefore, strong communities are essential to restoring hope to families in need. Our overall strategies for building strong communities include learning from successful communities, increasing cost-effectiveness through local control, and improving understanding through research.

Learning from Successful Communities

Successful communities display five common characteristics. They strive for increasing awareness, build strong community leadership, identify local needs, prepare their members to take advantage of economic opportunities and institute effective planning and evaluation systems. The goal in this area is to:

- ✓ 2.6 — More Oregonians will be actively engaged in strengthening their communities.

Other important contributors to developing strong communities are increasing local control of decision making and improving understanding of social problems through research.

GOAL 3: HEALTHY, SUSTAINABLE SURROUNDINGS

Overview

Maintaining this *Oregon Shines* goal will be a challenge in the years to come. Even though Oregon has been growing at approximately the same rate for the last 50 years, population pressures are causing concern that our quality of life is being threatened. At the same time, the traditional role of our natural resource base — providing jobs, recreation and natural

beauty — is changing dramatically. While some policies are in place to address these problems, more must be done to avoid a collision between interests. A clearer understanding of these conflicts is needed and a cooperative visioning process to work toward consensus solutions must be developed.

What Oregonians Care About

The *Values And Beliefs Survey* showed that by far the highest value associated with living in Oregon was its natural beauty and recreation opportunities. Yet Oregonians also worry about loss of open space, the negative effects of growth and restoring salmon runs.

Major Forces Reshaping Oregon's Surroundings

- Population growth
- Environmental capacity limitations

Has Oregon Made Progress?

- Air quality has improved.
- Metropolitan areas are becoming more congested.
- Forest acreage and wetlands have not diminished.
- Coastal Coho salmon runs have declined.
- Water availability for agriculture has not improved.
- Sewage treatment and drinking water infrastructure has improved.

Vision For Oregon: Surroundings — Oregon will balance the demands of a vital economy with demands inherent to healthy ecosystems.

Where Do We Want To Be?

Oregonians are in the midst of an unresolved debate on how to manage our surroundings so they remain healthy and productive into the future. Recommendations

in this area are intended to clarify those choices and set up better systems for avoiding and resolving conflicts.

POPULATION GROWTH

The Task Force does not believe Oregon can effectively reduce population growth without harming the state's economy. Attempts can be made, however, to redistribute and guide growth, using frameworks that already exist.

- ✓ 3.1 — Oregon will support thoughtful growth management strategies that make sense to Oregonians.

The public sector can encourage sustainability through cooperative networks to promote community livability, and through private sector incentives to encourage higher density. Land use laws should provide more developmental flexibility in economically depressed areas.

ENVIRONMENTAL CAPACITY LIMITATIONS

Both reality and perception of capacity limitations will influence Oregon's economy and the health of its natural environment in the years to come. Regardless, we can still improve the ways in which citizens address the inherent problems.

- ✓ 3.2 — Oregon will have a progressive system for settling resource and environmental management issues, with facilitated dialogue or partnership being the preferred methods for arbitrating natural resource disputes.

Rural communities often face federal restrictions in resolving natural resource issues. Whenever possible, the state should utilize the Oregon Option — its special relationship with the federal government — to relax regulations in exchange for favorable results.

- ✓ 3.3 — State government will support rural communities in efforts to solve natural resource dilemmas at the local level.

SUPPORT INITIATIVES

The Oregon Shines Task Force recognizes that certain systemic changes will have to occur in order to achieve the *Oregon Shines* goals. The first three goal areas: “Build Institutional Partnerships,” “Invest in Public Facilities and Services,” and “Contain Costs of Business” were part of the original *Oregon Shines* document.

Build Institutional Partnerships

Since 1990, Oregon has built intergovernmental partnerships among the federal, state and local governments to provide services more efficiently. This model should be expanded to state and local partnerships and further improved by developing a better system of state service regions.

- ✓ 4.1 — State government will encourage and foster an outcome-based system with local governments and community groups that encourages innovation.
- ✓ 4.2 — State government will reorganize the current patchwork of regional structures for delivering services and administering programs at the local level.

Invest In Public Facilities And Services

To remain competitive, Oregon must invest in facilities that directly affect business operations and costs, and in services that enhance the quality of the human environment, such as schools, police and fire protection and parks.

- ✓ 4.3 — Oregon will develop a comprehensive strategy for providing needed public services and building and maintaining infrastructure.

Contain Costs Of Business

State programs and policies can substantially affect the competitiveness of industry. Since 1990, Oregon has reduced business costs

in such areas as workers' compensation, unemployment insurance and energy rates.

- ✓ 4.4 — State and local governments will continue to reduce the cost of doing business in Oregon by streamlining regulations and consolidating reporting requirements, wherever possible.

Focus On Prevention

Study after study has shown that the best way to avoid social costs such as incarceration and long-term public assistance is through developing strategies that focus on prevention.

- ✓ 4.5 — The state will identify the primary risk factors associated with criminal activity, abuse and neglect, preventable health care needs, and long-term public assistance, and will target resources toward reducing or eliminating those factors.

Improve Government Accountability

Most Oregonians are not aware of this state's national reputation for inventing new ways to focus on outcomes and treating its citizens as customers. Government must accelerate the pace of reinvention, and find effective ways of communicating the results, both good and bad.

- ✓ 4.6 — Oregon's citizens will give government high ratings for trust and accountability.

Assessing the Oregon Benchmarking System — Major Findings

The Benchmarks have helped focus Oregon's opinion leaders and decision-makers on results-oriented planning and policymaking. More than ever, results have become a hallmark of Oregon policy-making. The Oregon

Health Plan, K-12 education reform, state-supported commissions on children and families — all have “achieving results” as their core mission.

While the Benchmarks are a powerful tool for guiding Oregon toward its vision, the Task Force found a need for significant improvement, including: decreasing the number; increasing data accuracy; setting targets consistently; and making more data available at the local level.

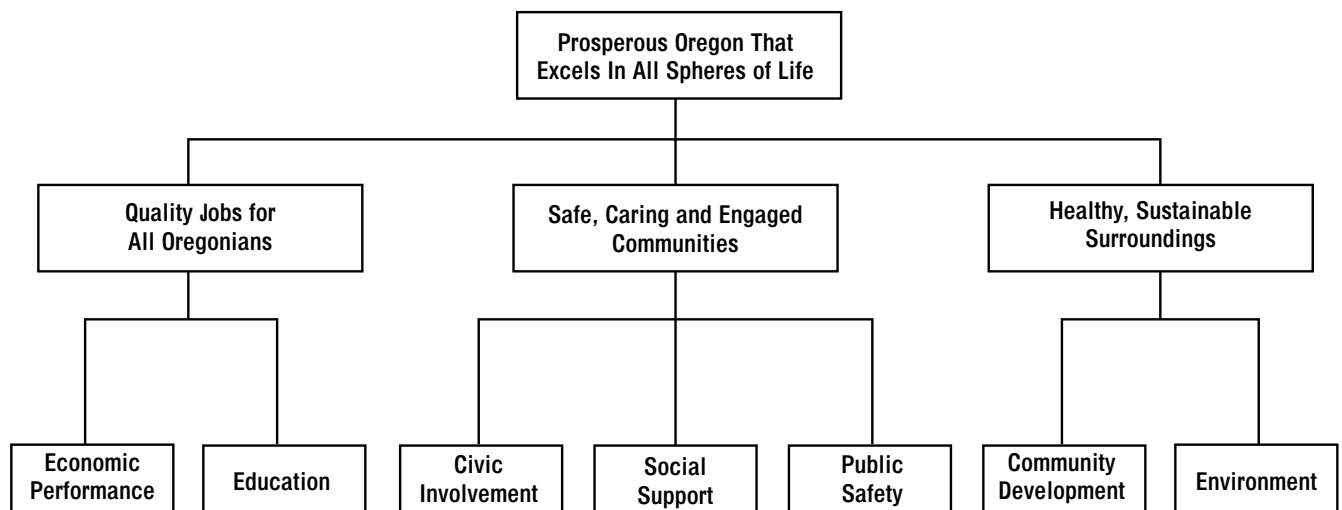
Too often, creation of a Benchmark has been the end of a process of change, rather than the beginning. The Benchmarks must be part of a larger strategy for achieving the desired results described in *Oregon Shines*. This includes developing a better understanding of root causes, integrating Benchmarks into budgeting decisions, and creating realistic

alternatives for improving outcomes.

It is especially important that Benchmarks be better integrated into the day-to-day operations of the state’s many change agents. These include government agencies, non-profit agencies and private organizations. Some change agents are exemplary in their use of Benchmarks, but too many either do not know about the Benchmarks, do not know how to use them or grant them only lip service. State government must take the lead in this effort if the benchmarking system is to succeed.

Few would quarrel with the recommended vision of a vital, prosperous Oregon that excels in all spheres of life. However, establishing three specific goals may incorrectly imply these goals are independent of one another when in fact they are highly interconnected.

Figure 3 — Oregon Shines Vision, Goals and Benchmark Topic Area



Chapter 1

Introduction

In the late 1980s, Governor Neil Goldschmidt challenged Oregonians to take control of their economic destiny. In response, more than 150 business, government, and community leaders came together to develop a vision for the future that included creating good jobs and a strong economy while enhancing quality of life. Called *Oregon Shines*, that 1989 vision has guided the state toward a more diversified economy, a workforce with the skills needed for success today and a continuing high quality of life.

When *Oregon Shines* was adopted, the state was emerging from a severe economic downturn. The business, government and community leaders who wrote it understood what few others did at the time — Oregon's economy was entering a major economic

Business, government and community leaders who wrote Oregon Shines understood what few others did at the time — Oregon's economy was entering a major economic transformation.

transformation. They believed that if Oregon played to its strengths, the economy would be well positioned for the 21st Century. Since then, Oregon's economy has experienced a remarkable recovery. The economy has diversified. Incomes are on the rise. Unemployment is at an historic low. And Oregon remains a wonderful place to live and raise a family.

Oregon Shines recognized that our economy was diversifying from its traditional natural resource base and was being reshaped by new technologies and global competition. As with other great changes in our lives, this period of transition has been marked by confusion and fear. For that reason, it is critical for Oregon's leaders to describe a shared vision of where Oregonians want to go and how we get there.

What does the future hold for Oregonians?

Is our current economic prosperity sustainable? Will Oregonians have opportunities to benefit from this period of economic strength or will the benefits go primarily to others? Can the exceptional quality of life that Oregonians

In ten meetings, with over 400 business and community leaders, the Task Force heard about local and regional issues affecting Oregon's future.

cherish be maintained?

In April of 1996, Governor John Kitzhaber convened a 46-member citizen Task Force to assess the state's progress towards the original *Oregon Shines* goals and update the original vision. This report describes what the Task Force learned during the review and provides a set of recommendations for building upon the existing vision.

In developing this report, the Task Force heard from scores of experts, and a talented team of researchers at the University of Oregon provided economic analyses. The Task Force examined the Oregon Benchmarks — key indicators of how Oregon is doing on a wide range of social, economic and environmental concerns. Additionally, the Task Force looked at the findings from several opinion polls, including one on what "quality of life" means to Oregonians. Finally, Task Force members met with fellow Oregonians from every county to hear their aspirations for Oregon's future.

In ten meetings, with over 400 business and community leaders, the Task Force heard about local and regional issues affecting Oregon's future. Even though Oregonians recognize that the economy has turned around and are positive about the direction the state is headed, the leaders still expressed a number of concerns. These included: long term financial security for the current generation; adequate

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education and training for their children and workers in transition; the continuing influx of newcomers that may be jeopardizing Oregon's quality of life; the apparent deterioration of Oregon's roads, bridges and related infrastructure; and the possibility that some Oregonians are being left behind economically.

In seven other public meetings, Task Force members heard from state agencies, interest groups and interested citizens regarding the effectiveness of the Oregon Benchmarks. Eight general recommendations are included and many Benchmarks are either improved or, in some cases, discarded.

Oregon has long been a land of opportunity — a place of hope where those who were willing to work hard had the chance to fulfill their own aspirations in communities throughout the state. All of us want Oregon to continue to be such a place. If, however, Oregon is to emerge from this period of transformation with a competitive economy, then changes must be made in education, transportation, and communications to support the changes occurring in business and industry. If Oregonians truly want their children to have opportunities for better lives, then issues must be addressed at the local level that affect our communities and families, and our natural surroundings.

The Task Force comes away from this experience hopeful and energized about Oregon's future. Oregon is truly an exceptional place with remarkable people and Oregonians want to keep it that way for their children. Our responsibility as good stewards is to protect our quality of life as Oregon grows and prospers in the years ahead. The Task Force recognizes that the state is moving forward today because earlier leaders had a plan, made

The Task Force comes away from this experience hopeful and energized about Oregon's future.

good investments, and were blessed with a little luck. Building on that base, today's leaders must continue to be future-oriented and invest in shaping that future in ways that will leave this state a better place for future generations.

This study reaffirms the value of a long-term vision for Oregon. This state is in the midst of a major transformation and the pace of change keeps most of us focused on the present. The Oregon Progress Board's continuing responsibility is to keep Oregonians focused on the future — to remind us of our shared vision, monitor our progress in achieving measurable goals, and bring choices to our attention.

Chapter 2

The Original Oregon Shines

WHY A STRATEGIC PLAN IN THE LATE 1980S?

Oregon's timber-dependent economy experienced a boom period in the late 1970s, which was followed by a bust when high interest rates led to a sharp drop in housing construction across the nation. Oregon lost thousands of jobs in the forest products industry. Unemployment rates reached double digits, many people left the state, and incomes fell below the national average.

By the middle of the decade, jobs were being created again, but average incomes were well below the national average and stagnant.

The goal of Oregon Shines was to create more jobs for Oregon, but not just any jobs. They wanted good jobs that could support a family.

In response Governor Goldschmidt involved more than 150 people in a process to create a revitalization plan for the entire state, which they called *Oregon Shines*. Their goal was to create more jobs for Oregon, but not just any jobs. They wanted good jobs that could support a family. The original *Oregon Shines* called for raising incomes back to the national average by the year 2000 and to 10% above the national average by 2010.

The vision describes diverse businesses that provide quality jobs for Oregonians. It envisions Oregonians who have the knowledge and skills to perform those jobs well. It foresees safe, livable communities with quality facilities and services, and an environment that is clean and unspoiled. Oregon would prosper while remaining a "uniquely wonderful place to live, rich in quality of life and opportunity."

The original plan contained three statewide goals:

- *A Superior Workforce*. Invest in Oregonians to build a workforce that is measurably the

best in America by the year 2000, and equal to any in the world by 2010.

- *An Attractive Quality of Life*. Maintain Oregon's natural environment and uncongested quality of life to attract the people and firms that will drive an advanced economy.
- *An International Frame of Mind*. Create an international orientation in Oregon's business and cultural life that distinguishes Oregonians as unusually adept in global commerce.

The original plan also included three support initiatives:

- *Form Institutional Partnerships*. Build partnerships among groups that have traditionally operated independently or even antagonistically toward one another: business, labor, government, education, and environment. Accomplishments of such partnerships would range from the efficient transfer of ideas between universities and businesses, to improved labor-management relations.
- *Invest in Public Facilities and Services*. Invest in facilities that directly affect business operations and costs, including roads, ports, and utilities; also invest in services that enhance the quality of the human environment, including schools, public safety and parks.
- *Contain Costs of Business*. State programs and policies can substantially affect the competitiveness of industries. In Oregon, the focus was on workers' compensation rates, unemployment insurance and energy rates.

It was one thing to develop a new economic strategy for the state, but how would Oregonians know whether Oregon was moving in the right direction or if things were off track? *Oregon Shines* recommended the creation

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of a board to “serve as the long-term caretaker of Oregon’s strategic vision, identify key activities that need to be undertaken, and then measure our progress over the next several decades.” In 1989 the Legislature established the Oregon Progress Board, which began work on the Oregon Benchmarks as the state’s report card on how well it was achieving its aspirations.

The Benchmarks were divided into three categories that are consistent with the original *Oregon Shines* goals. The first group includes indicators of the condition of Oregon’s workforce and whether Oregon is creating highly capable, self-reliant people. The second measures Oregon’s success in maintaining and improving the state’s exceptional quality of life. The third measures attainment of a diversified, globally competitive economy that pays high wages. (While the third *Oregon Shines* goal was an “international frame of mind,” the focus in

practice was more broadly on the economy.)

Some Benchmarks measure progress toward things we need to do better, such as improving the readiness of young children for school, raising the skill levels of public school students and adults, improving air quality, and raising per capita income. Some Benchmarks measure aspects of Oregon life that we do not want to deteriorate, such as housing affordability and access to outdoor recreational opportunities. Some Benchmarks measure problems that should be reduced, such as the teenage pregnancy rate, crime, and health care costs for both businesses and individuals. Other Benchmarks measure whether all Oregonians are benefiting from Oregon’s success, particularly minority groups and people who live in rural parts of the state.

Chapter 4 will use the Oregon Benchmarks to evaluate Oregon’s progress toward the original goals outlined in *Oregon Shines*.

Chapter 3

The Strategic Framework

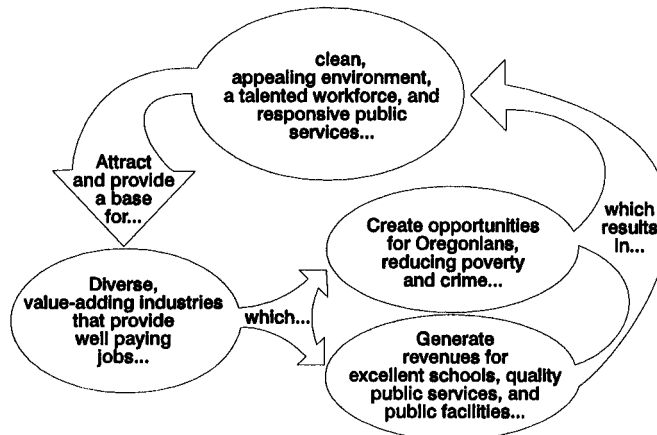
The *Oregon Shines* vision and strategy are grounded in a framework described by the Circle of Prosperity. (See Figure 4.) It describes a mutually supportive relationship between government, businesses and individual taxpayers based on attracting and maintaining quality jobs with publicly supported amenities.

Under this scenario, an appealing environment, well-educated and trained workers, and good public facilities and services would make Oregon an attractive place for “high-end” employers to locate and grow. Those good jobs and profitable companies would subsequently fund state and local governments to maintain those high quality public services and to protect the environment. At the same time, crime and poverty would be reduced as new employment opportunities developed. By keeping these amenities high through taxpayer support, Oregon would continue to be attractive to employers that provided well paying jobs, thus, closing the circle.

By developing the Circle of Prosperity, the drafters of *Oregon Shines* were challenging Oregonians to avoid the low tax, low wage scenario that some other states had adopted during the 1980s. Oregon’s economy was being reshaped by new technologies and global competition that reduced employment in traditional natural resource-based industries during that time. The reduced tax revenues forced communities throughout the state to cut back on vital public services, even though changes in families were placing increasing pressures on schools and social service agencies. Recognizing the importance of

making the circle whole again, the leaders who wrote *Oregon Shines* said, “It is critical that Oregon return to the circle of prosperity by making the investments in people, community services, and facilities that will provide a base for long-term business growth.”

Figure 4 —
Circle of Prosperity



and public facilities. Another initiative (Measure 11) requires the state to significantly increase prison construction out of existing revenues.

The current review of *Oregon Shines* shows that Oregon has attracted well-paying jobs in recent years even though public support for the amenities described in the Circle of Prosperity has not kept up with demand and quality of life has diminished somewhat. For Oregon to maintain its position as an attractive place to locate or grow a business that provides well-paying jobs over the long term, something has to change.

For over 100 years, this state was at the end of the Oregon Trail. Today, it is a gateway to the Pacific Rim.

Some Oregonians believe that improving facilities and services is simply a matter of improving government efficiency. Others are

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equally convinced that more funding is needed. In the meantime, public services and facilities are deteriorating.

For over 100 years, this state was at the end of the Oregon Trail. Today, it is a gateway to the Pacific Rim. Oregon's soil and growing conditions will continue to support traditional natural resource-based industries, which are shifting increasingly to value-added agriculture and secondary wood products. The newer technology sector of the economy is growing rapidly. Indeed, with more than \$12 billion in investment on the drawing boards, Oregon will soon become one of the world's leading

semiconductor manufacturing centers.

If Oregon is to take advantage of these opportunities, the public sector must make changes in the education system, transportation, and other aspects of basic infrastructure to match the changes occurring in the private sector. Oregon must also find ways to close the gap between the needs of families and the ability of communities to respond. Fortunately, this period of economic prosperity is generating the resources for the necessary public and private investments. Oregon will prosper and all Oregonians will have better lives if Oregon's leaders invest wisely.

Chapter 4

Progress Toward Oregon Shines' Vision

This chapter utilizes the Oregon Benchmarks and other indicators to describe the state's success in achieving the *Oregon Shines* vision. The good news is that the five year goals for significant parts of the vision have been met. Tens of thousands of good jobs have been created. Oregon still has an excellent quality of life. The economy is much more diversified and international. However, the Benchmarks indicate that there is still much work to be done.

While economic performance has been excellent overall, the turnaround has not extended to all parts of the state. Also, some Oregonians lack the education and skills needed for the good jobs Oregon companies are creating. Environmental indicators show the quality of our natural surroundings holding steady, but not without serious challenges ahead. Oregon's social indicators have not improved as much as expected considering the significant improvement that has occurred in the economy. Finally, citizen trust in established institutions is decreasing, jeopardizing government's ability to respond effectively to the new challenges.

ORIGINAL OREGON SHINES' GOALS

Original Goal 1: Develop A Superior Workforce

Too many children are unprepared to enter kindergarten.

Attending to the development of a well-educated workforce begins even before birth. In Oregon, 20% of mothers lack adequate prenatal care and 30% of Oregon children are not properly immunized. And far too many teenagers are having children of their own.

What little data there is on "ready to learn" indicates somewhat negative trends at the pre-school level. Oregon recently conducted the

nation's first statewide assessment of early childhood development, measuring children's physical, language, and literacy development as they entered kindergarten. While the large majority are developing well, too many performed below national norms established a decade earlier. Either of the following possibilities should cause concern: 1) children's abilities have gone down nationally in ten years, or 2) Oregon children lag behind the nation.

On a positive note, economic access to health care for children has improved dramatically. Recent data show that the share of Oregon's children (ages 0-17) without health insurance has decreased significantly from 21% in 1990 to 8% in 1996.

Oregonians' basic skills are higher than those of other states, but the jobs of the future will require much more.

The Oregon Benchmarks tell us that Oregonians have good basic literacy skills compared to other states. The 1993 *National Adult Literacy Survey* found that 75% of Oregonians were functionally literate — the highest among 14 states surveyed. Unfortunately, Oregon public school standards are still well below those in many other industrialized nations.

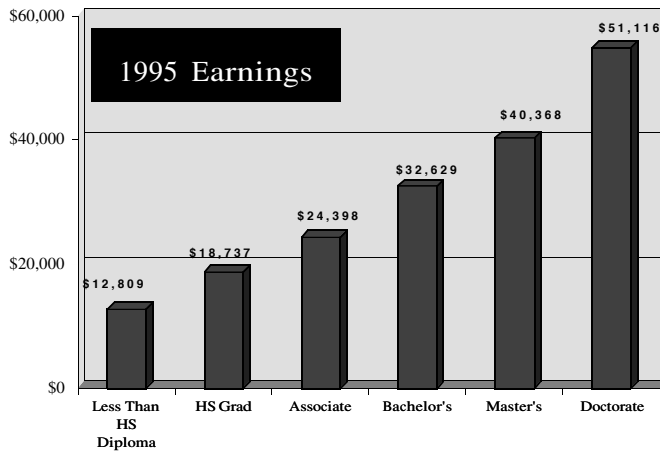
More than ever before, opportunities are linked to levels of education. (See Figure 5.) Traditionally, Oregonians did not require an advanced education to find a well-paying job. Even today, Oregonians with just a high school education or less, fare significantly better than their peers in other states. That advantage will diminish rapidly as Oregon's economy transforms.

Clearly, not every Oregonian needs to attend college, but a public policy that stops with school-to-work programs in high school, and a few years of community college, will result in colonization. It forces employers to

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recruit out of state for the thousands of well-paying managerial and professional jobs being created, and limits opportunities for Oregonians.

Figure 5. Incomes Rise with More Advanced Levels of Education.



Improving school success rates has been elusive.

Oregon has embarked on one of the most far-reaching K-12 education improvement efforts ever attempted. Oregon's "Educational Act for the 21st Century" aims to produce high school graduates, beginning in 1999, who can demonstrate core competencies in language, math and science. Recent trends in math and reading scores, however, question Oregon's readiness to make such a leap. Since 1990, high school test scores in reading have improved, but math scores have actually dropped. (See

Oregon's Challenge

High-tech companies are importing as many as 90% of their senior scientists and engineers and 50% of their technicians while unemployment in many rural counties exceeds 12%.

MICHAEL SALVATO

JANUARY 1995 CASE STUDY OF
OREGON FOR THE NEW YORK
ACADEMY OF SCIENCES

Appendix E for Task Force statement on K-12 local funding options.)

Students who do not finish high school face the greatest challenge in Oregon's economic transition. While low wage jobs are plentiful, few offer opportunities for transitions to well-paying jobs. Unfortunately, 25% of today's ninth graders will not graduate from high school. This dropout rate has barely changed in the past 15 years.

More Oregonians have college degrees than ever before.

The number of Oregonians holding a baccalaureate degree has increased significantly since 1990 (23% in 1990 compared to 29% in 1996). Two factors contribute to the rapid increase.

First, in-migrants to Oregon are more educated than current residents and their large numbers are raising Oregon's average. In Portland this is especially true — 50% of all 25-34 year old in-migrants in the past five years hold college degrees, for example. Also, a 1993 in-migration study showed that almost half of Oregon's in-migrants were in the higher-wage professional, technical or managerial occupations, whereas, only about 25% of all Oregon jobs are in those categories. Second, many Oregonians are increasing their education levels to take advantage of new opportunities.

While this increase supports the goal of creating a better educated workforce, many Oregonians are concerned that the well-paying jobs being created in today's economy go, too frequently, to in-migrants rather than long term residents.

On-the-job training is available to most Oregon workers.

Another important component of building a talented workforce is on the job training. In 1996, 71% of Oregon's workers reported receiving 20 or more hours of on the job training, up significantly from 41% in 1994.

Employment economists speculate the increase may be due to increasing use of technology, and a tight labor market requiring employers to improve training for existing employees. The percentage of workers who receive 20 hours of training per year varies greatly by occupational group. Managers and professionals are far more likely to receive significant amounts of training than are machine operators and laborers. Continuous learning is important if Oregonians are to keep pace with the rapidly changing requirements of a highly competitive economy.

Original Goal 2: Enhance Oregon's Quality Of Life

The *Oregon Shines* vision is grounded in the belief that Oregonians can have better than average incomes and an exceptional quality of life. Since 1989, the Progress Board has tracked Oregon's quality of life in terms of the natural environment and livability. The Benchmarks indicate that environmental conditions remain relatively good, although signs of stress raise the questions "how good?" and "for how long?" The livability Benchmarks point to infrastructure weaknesses, increasing housing prices and changes in Oregon's sense of community.

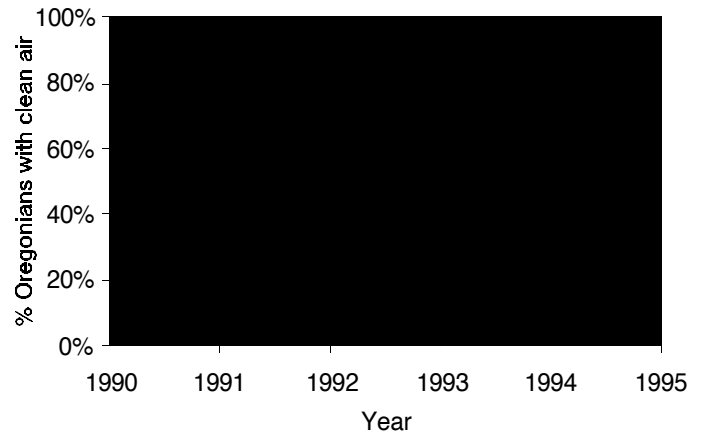
Oregon's environmental quality is high, with a few important exceptions.

Many of the *Oregon Shines* goals in this area are being achieved. Forest and agricultural acreage went down at a lower rate than expected and wetlands have not diminished. Drinking water quality has improved overall, and the per capita solid waste Benchmark is nearly at the 1995 goal.

Oregon's air quality has improved significantly. In 1990, only 54% of Oregonians were routinely breathing air meeting government ambient air quality standards. Today the goal of 100% of Oregonians breathing clean air has been achieved. (See Figure 6.) Clean, breathable air is worthwhile in and of itself, but air quality is related to other livability factors, as

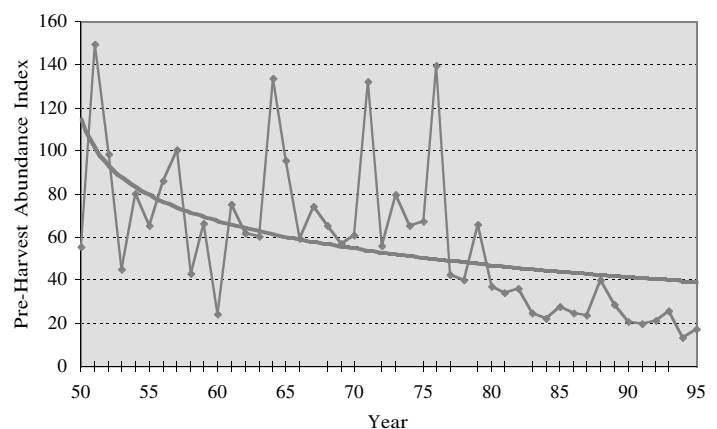
well: traffic congestion; community design; and capacity for economic growth. As Oregon's metropolitan areas continue to grow, maintaining this high standard will be increasingly difficult.

Figure 6. Air Quality



The environmental picture is not all rosy. For example, coastal Coho salmon runs have declined significantly over the last 50 years. (See Figure 7.) This decline is not only important to the fishing industry, but also serves as an indicator of the quality of the coastal habitat. It is, therefore, of considerable concern that only 2% of wild salmon and

Figure 7. The Decline of Coastal Coho Salmon Since 1950



steelhead populations are at target levels in key sub-basins. It is important to note that some biologists argue that the decline actually began in 1975 and is a result of poor ocean conditions that occur cyclically.

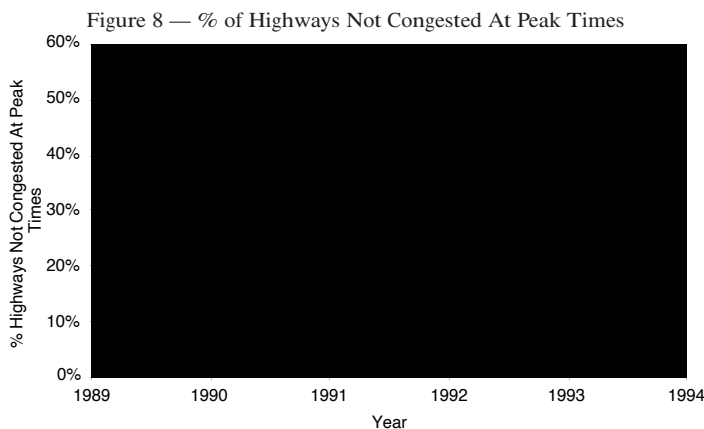
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Two other long-term environmental problems are worthy of mention. First, Oregon did not achieve its goal of maintaining carbon dioxide emissions at 1990 levels. Emissions of this major contributor to global climate change have gone up 23%. Second, leaking nuclear and hazardous waste stored at the Hanford Nuclear Reservation, situated in Washington state right across the Columbia River from Oregon, may present the greatest catastrophic environmental risk to Oregon. While no actual cleanup has occurred, the state Department of Energy reports that necessary preparatory steps are being taken.

The livability of Oregon's communities has shown mixed results since 1990.

Congestion on Oregon's metropolitan highways has gotten significantly worse since 1990 despite a goal of keeping the rate constant. In 1990, 57% of limited-access highways in metropolitan areas were free of heavy congestion during peak hours, compared to only 40% in 1994. (See Figure 8.) Congestion exacts a toll in terms of lost work time, more air pollution, more gasoline use, and higher cost of goods and services, not to mention driver frustration.



Traffic congestion is at the heart of the debate over growth in Oregon. Many people associate growth and higher density with congestion. Others insist good community design can, over time, alleviate congestion by reducing the number and length of trips and can support

pedestrian, bicycle, carpooling and transit alternatives to single-occupancy auto travel.

Access to adequate sewage disposal has improved. In 1989, sewage disposal did not meet government standards for 200,000 Oregonians. In 1995, that figure had dropped to 55,000. Improper sewage disposal threatens the health of those in the affected area and serves as a barrier to further development.

Housing affordability remains a problem for many Oregonians. Housing prices have increased by approximately 100% since 1989. Incomes have gone up as well; however, the proportion of Oregonians of limited means paying too much for rent remains steady at around 60%. When lower-income households pay a large portion of their income on housing-related costs, there is not enough money for food, child care, health services and other necessities.

Community participation is another important indicator of livability. Voting is a key indicator of citizen involvement. Voter turn out in Oregon has been above the national average and vote-by-mail has pushed that number even higher. However, polls show nearly 60% of Oregonians do not feel connected to their communities. Additionally, the share of Oregonians volunteering 50 hours or more per year has remained steady since 1992.

Volunteerism measures the extent to which Oregonians seek to improve the quality of life in their communities by actively participating in civic, community, and nonprofit activities.

Original Goal 3: Diversify The Economy With An Emphasis On Internationalization

Oregon's economy has diversified.

The economy continued a path toward diversification that began before *Oregon Shines*.

Oregon's trend toward diversification has accelerated in recent years. International investment played a substantial role in the 1980s and increasing international trade is becoming more important in the 1990s.

Figure 9. Employment Trends in the Forest Products and High Tech Industries

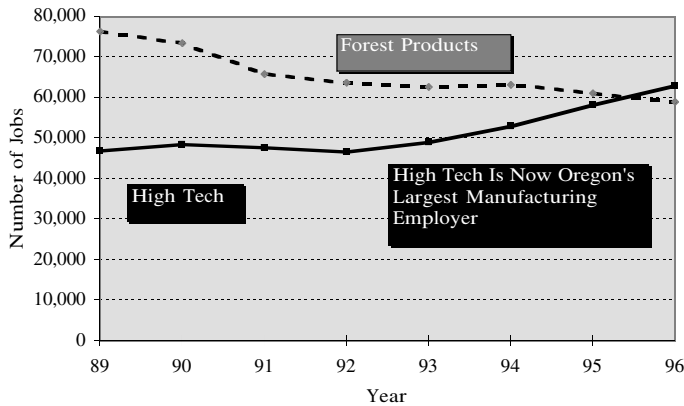
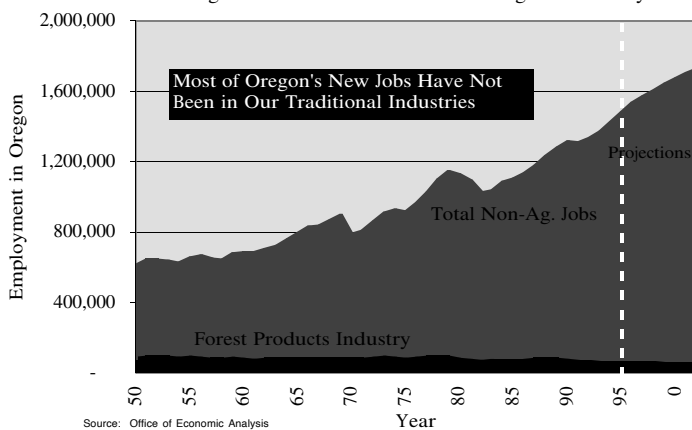


Figure 9 provides one indicator of how much Oregon's once timber-dependent economy has diversified. With the continued computer industry growth in the 1990s, high-tech has now surpassed forest products as Oregon's leading manufacturing employer. Forest products jobs declined from 16% of all jobs in 1950, to 10% by the mid-1970s. (See Figure 10). Today, forest products and high tech together total less than 10% of Oregon's workforce.

Figure 10. The Diversification of Oregon's Economy



Oregon's exports are still below the national average.

One of the state's major diversification strategies was to take advantage of Oregon's location on the fast-growing Pacific Rim by increasing our understanding of international issues and encouraging involvement in global commerce. Indeed, some progress has occurred

on this front: 21% of Oregon manufacturers are now exporting compared with 18% in 1987. Still, however, Oregon remains slightly below the national average of 22%. The Port of Portland services one of the fastest growing export regions in the nation. Exports have increased from \$5 billion to more than \$9.5 billion in six years. In addition, Oregon continues to attract important diversifying investments in electronics, metals, and food processing from overseas companies.

Oregon's non-metropolitan areas are holding their own, but just barely.

Oregon has historically enjoyed a better distribution of urban/rural jobs than the nation as a whole. The *Oregon Shines* strategy was designed to maintain that balance over time. In 1990, the Progress Board established the goal of holding steady the proportion of Oregonians employed outside the Portland metropolitan region and outside the Willamette Valley region. Both indicators have slipped somewhat since 1980 — the Valley has lost about two percent in proportion to Portland, as has the remainder of the state.

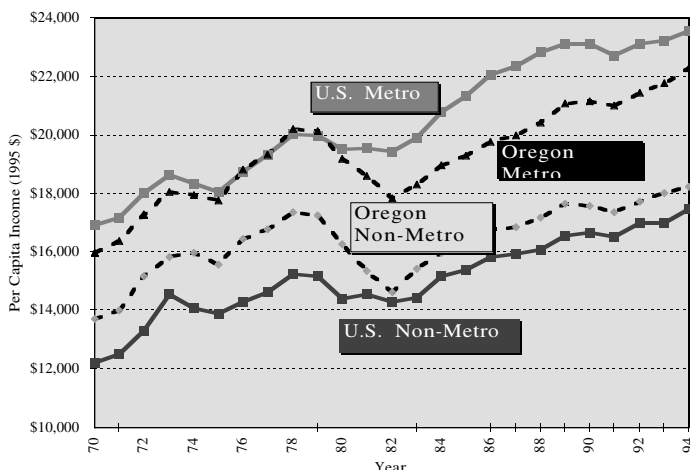
Exhibiting a pattern common to much of rural America, rural Oregon communities continue to experience economic difficulties associated with timber and fish harvest restrictions, low commodity prices, reduced price subsidies, and increased regulation. Despite the jobs lost in the forest products industry, per capita income in rural Oregon has stayed above the national average for non-metropolitan areas throughout the 1970s, 80s, and 90s. (See Figure 11). While Oregon's rural/urban income gap (shown by the dotted lines in Figure 11) continues to be less than the national average, it has increased somewhat since 1980.

Contrary to popular belief, the fastest employment growth in Oregon has been in high-wage managerial and professional occupations.

Job growth in Oregon has outpaced the nation every year since 1989. Oregon has

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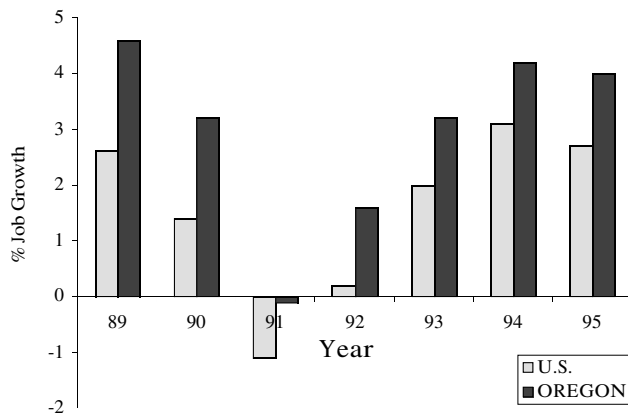
Figure 11 — Metro and Non-Metro Per Capita Income
For the U.S. and Oregon



averaged 35,000 per year (see Figure 12), and many are the good jobs envisioned in *Oregon Shines*.

Blue-collar job losses have been offset by an increase in the number of low-wage service jobs. Most of Oregon's net growth, however, was in professional and managerial jobs.

Figure 12. Oregon and U.S. Job Growth Rates
1989 to 1995



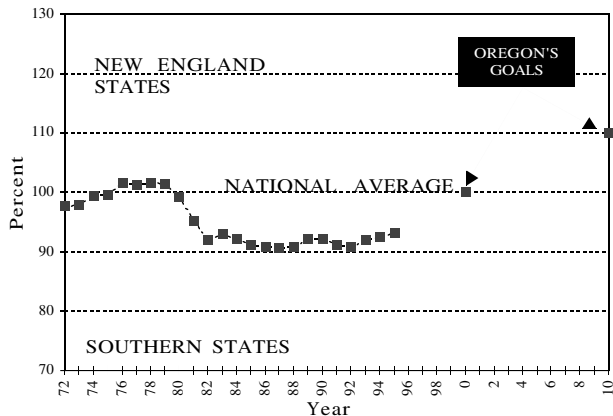
The original *Oregon Shines* recognized that Oregon was losing well-paying blue collar jobs, and emphasized the need to prepare our workforce for new technical jobs. Two things are clearer now. First, technical jobs are growing, but the number of technicians is small (40,000 to 55,000 — only about 3% of Oregon's non-agricultural workforce). Half of these are health care technicians and paralegals. Second, the highest-paying jobs are held by professionals who add most of the value to

products before and after manufacturing.

Another indicator of growth of good jobs is the increase in incomes. Figure 13 shows Oregon's per-capita income above the national average in the late 1970s, but falling sharply to almost 10% below in the early 1980s. The most recent report from the state Office of Economic Analysis shows good progress towards the ambitious *Oregon Shines* goals of reaching 100% of the national average by 2000, and 110% by 2010.

However, averages can be misleading. Like the rest of the nation, some of the highest- and lowest-paying jobs are being created in the

Figure 13. Per Capita Income (Oregon / U.S.)



broad category of "services." This category is often equated with fast-food restaurants and motels, where salaries are typically low and turnover high. There are, however, also professional services (e.g., engineering, architectural, accounting, data processing, business services, financial services, legal services, health services, and communications companies), which have been growing and paying above-average salaries. With strong job growth at both ends, there is some concern about a somewhat smaller proportion of middle income jobs and a growing gap between the "haves" and "have-nots." The Oregon Benchmarks, however, show the middle-income segment has not changed significantly since 1980.

A report prepared for the Task Force by the Office of Economic Analysis identifies several external factors largely responsible for the strength of Oregon's economy. For example,

cutbacks in defense spending contributed to a severe recession in California, causing many Californians to move to Oregon. The influx of new residents to Oregon increased demand for domestic industries, such as construction and retail trade, while also bringing skilled labor to the state economy. Another external force is the growing world economy. The countries now experiencing the most rapid growth are primarily in East Asia, thus creating new trade opportunities for states on the Pacific Rim. Finally, the U.S. economy also affects Oregon through the changing composition of expenditures. Between 1987 and 1995, national consumption expenditures rose a moderate 20%, while national business equipment spending jumped 55%. Oregon's manufacturing sector, featuring computer equipment, transportation equipment and metals, is slanted toward capital goods production. The national shift from consumption-led to investment-driven growth clearly benefited Oregon because of its industry mix. (The complete report is available from the Oregon Progress Board.)

ORIGINAL OREGON SHINES SUPPORT INITIATIVES

Oregon Shines outlined three support initiatives to accompany the three primary goals described above: 1) Contain the Costs of Business; 2) Form Institutional Partnerships; and 3) Invest in Public Facilities and Services. Thus far, Oregon has performed well on the first two initiatives, but not enough is being invested in public facilities. The following section evaluates progress in each of these areas.

Original Support Initiative 1: Contain the Costs of Business

Oregon has had many successes in containing the cost of business.

Because many firms operate on thin margins, the difference between profit and loss is often determined by the careful management

of costs. The state influences the costs of doing business in a variety of ways, including regulations, mandated programs, and tax policies. Responsibly reducing these state-mandated costs should increase the competitiveness of Oregon companies and expand business opportunities.

Oregon Shines broke out five major costs to business for special attention: workers' compensation, unemployment insurance, health care, taxes and energy rates. Oregon has had stunning success since 1989 in many of these areas.

WORKERS' COMPENSATION

High workers' compensation rates are consistently cited by businesses as a strong disadvantage to doing business or locating in a state. The Benchmarks show that in 1990 Oregon was the 8th highest-cost state; today Oregon is 34th, exceeding the Benchmark target of 20-25th.

UNEMPLOYMENT INSURANCE

In 1989, Oregon's unemployment insurance rates were fourth-highest in the nation, primarily because Oregon was building up a trust fund sufficient to protect against a major recession. Now that the trust fund has reached target levels, rates have declined significantly. While Oregon's 1995 ranking was one of the lowest in the nation, the Oregon Employment Department predicts Oregon will eventually stabilize around the national average.

HEALTH CARE

Escalating health care costs threaten Oregon's international business competitiveness. The Benchmarks show health care costs rising faster than inflation, but not as fast in Oregon as nationally. Oregon's rank among states in health care costs has dropped slightly, from 32nd in 1989 to the most recent ranking of 36th. This occurred despite the rise in Oregon's inflation-adjusted health care cost, from \$142 in 1989 to \$152 in 1995.

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TAXES

The Oregon Legislature has taken three specific actions on tax policy as recommended in *Oregon Shines*. They were: 1) extend the energy tax credit; 2) extend the pollution control tax credit; and 3) provide a research and development tax credit for targeted industries. No Benchmarks exist for measuring outcomes that might have resulted from these initiatives, but Oregon's energy and pollution control tax credits will be in place until at least 2001. The 1989 Legislature also enacted a tax credit for qualified research activities, scheduled to sunset in 2001.

ENERGY RATES

Maintaining the lowest possible energy rates for industrial customers, consistent with equitable treatment of all customer classes, was the goal in this area. Both of Oregon's Benchmarks (natural gas and electricity) for energy rates have improved since 1989. Low electric rates continue to be a great advantage, declining from 66% of the national average in 1989 to an even lower 64% today. Natural gas rates have fallen as well, from 108% of the national average in 1989 to 100% today.

Original Support Initiative 2: Form Institutional Partnerships

Oregon enjoys many new institutional partnerships since 1990 as a result of Oregon Shines.

The drafters of *Oregon Shines* recognized the need for new institutional partnerships to establish a framework for a productive, competitive Oregon, and build cooperation among groups who have traditionally operated independently or even antagonistically toward one another. Through their focus on results, the Benchmarks provide an excellent catalyst for creating such institutional partnerships among business, labor, government, education, and environmental groups.

Some state agencies are currently using Benchmarks to establish budget priorities.

Early in the evolution of the Benchmarks, the Oregon Commission on Children and Families pioneered the use of outcome measures for planning programs to support children. The model has now been employed for workforce development and community health. Also, Oregon's 14 key industries use Benchmarks in their strategic planning process, as do the state's 12 economic regions in articulating their regional strategies.

Nine local governments have initiated the development of benchmark planning systems. For instance, Multnomah County and the City of Gresham use their benchmarks to set budget priorities. Non-profit organizations are also using benchmarks. The Oregon Community Foundation began using benchmarks to help focus its grant making priorities in 1993. The Portland-area United Way uses benchmarks similarly.

Tying Benchmarks to agency performance measures has been more difficult. The 1993 Legislature directed all state agencies to develop performance measures with ties to Benchmarks. Although a 1996 survey showed that 80% of state agencies tie Benchmarks to performance measures, many agencies have yet to develop truly meaningful systems.

Perhaps the most successful effort to date is the first-in-the-nation agreement to design and test a new approach to delivering federally funded public services through state and local governments. In December 1994, Vice President Al Gore, Governor Barbara Roberts, and Governor-elect John Kitzhaber launched the Oregon Option, together with a bipartisan coalition of mayors and county commissioners from across the state.

Under the Oregon Option, federal, state, and local partners work together to define outcomes — in the form of Benchmarks — that they aim to achieve with federal dollars. State and local service providers are given latitude to determine how best to achieve those outcomes. In exchange, they agree to measure progress toward Benchmarks and to be held accountable for results. This approach unburdens Oregon's

state and local service providers from thousands of hours of paperwork, freeing their time and energy to deliver services to clients. And they are now far more accountable for results that really matter.

Oregon's welfare reform initiative provides an excellent example of the Oregon Option in practice. In 1994-95, the Progress Board co-chaired a ground-breaking legislative task force on public assistance reform (SB 1117). In 1996, the Oregon Option helped Oregon to get the federal waivers necessary to implement the Task Force recommendations. The waivers allow Oregon to keep a share of savings reaped through reducing welfare caseloads faster than the national rate. This arrangement yielded approximately \$7 million for the state to invest in additional community-based efforts to help Oregonians leave and stay off public assistance. Federal welfare block grants superseded this arrangement in October of 1996, but Department of Human Resources leadership intends to continue the reinvestment strategy.

Original Support Initiative 3: Invest in Public Facilities and Services

Oregon has not taken prescribed steps to increase investment in public facilities and services.

The drafters of *Oregon Shines* recognized that Oregon must invest in facilities directly affecting business operations and costs — including roads, ports, and utilities — and in services that enhance the quality of the human environment — including schools, public safety and parks. *Oregon Shines* made three recommendations: 1) the Legislature should modify the 2% kicker, raise the gasoline tax and increase vehicle registration fees; 2) the Department of Administrative Services should develop a capital budget, and work with the Department of Transportation to measure the economic payoff of various infrastructure investments; and 3) the Department of Land Conservation and Development and the

Economic Development Department should work with cities to develop better accounting systems.

The Legislature has not modified the expenditure limitation and the 2% kicker to allow funds received during times of economic prosperity to be invested in maintenance and physical improvement required by growth. As public dollars diminish due to property tax limitations (Measures 5 and 47), however, the pressure to retain the kicker can be expected to increase.

Oregon's transportation system received increased funding in the early nineties due to the "Intermodal Surface Transportation Efficiency Act," the special federal allotment for the west side light rail project, and steady increases in the state gas tax. Vehicle registration fees have been flat since 1990. Starting in 1993 the gas tax increases were discontinued, causing the Highway Trust Fund, which maintains the existing highway system, to be flat-funded.

National deficit-cutting measures could reduce federal dollars coming into Oregon by as much as \$210 million between 1996 and 2002. As a result, Oregon will find it difficult to maintain existing highways, as well as build new infrastructure to accommodate growth.

The Department of Administrative Services has not developed a capital budget for the state that regularly measures the current value of the state's assets and depreciation rates, and the condition of the State's infrastructure. Nor has the Department of Administrative Services worked with the Department of Transportation to develop a tool to measure the economic payoff of various infrastructure investments.

The Department of Land Conservation and Development and the Economic Development Department have not directly encouraged cities to develop accounting systems that measure depreciation accurately. However, the two agencies have worked with cities to develop infrastructure and development plans that consider the economic payoff of alternative development plans.

Chapter 5

Reaffirming The Oregon Shines' Vision

Oregon Shines provided a clear, ambitious vision for Oregon in 1989:

The plan envisions a vital, industrious Oregon that shines in all spheres of life. It envisions diverse businesses that provide quality jobs for Oregonians. It envisions Oregonians who have the knowledge and skills to perform those jobs well. It foresees safe, livable communities with quality facilities and services, and an environment that is clean and unspoiled. The Oregon we foresee will remain a uniquely wonderful place to live, rich in quality of life and opportunity.

Six years later, that vision is sound, but in need of some fine tuning.

The original *Oregon Shines* focused heavily on economic improvement, but citizens at the Task Force-sponsored community meetings, recent poll results and focus groups on Oregon's quality of life all suggest a broader theme: a good economy is still paramount, but Oregon should now pay more attention to what is perceived as a deterioration of, or threats to, other aspects of quality of life.

The Task Force and the Progress Board recommend a shift in focus toward family and community issues, and the quality of the natural and built surroundings. The goals for

Oregon should now pay more attention to what is perceived as a deterioration of, or threat to, other aspects of quality of life.

Oregon Shines II divide the original Quality of Life goal in two: 1) safe, caring and engaged communities and 2) healthy, sustainable surroundings. The current economy goals on workforce and diversification are merged into one — quality jobs for all Oregonians.

The vision for *Oregon Shines II* should be a *vital, prosperous Oregon that excels in all spheres of life.*

The three recommended goals for *Oregon Shines II* are:

- quality jobs for all Oregonians
- safe, caring and engaged communities
- healthy, sustainable surroundings.

The Oregon Progress Board will still attend to the three support initiatives identified in the original *Oregon Shines*:

- form institutional partnerships,
- invest in public facilities and services,
- reduce business costs.

Two additional support initiative are suggested:

- focus on prevention,
- increase government accountability.

THREE INTERCONNECTED GOALS

Few would quarrel with the recommended vision of a vital, prosperous Oregon that excels in all spheres of life. However, establishing three specific goals may incorrectly imply these goals are independent of one another when in fact they are highly interconnected.

As indicated in the upcoming section on communities and families, wages that have not



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kept pace with inflation have contributed to stress as more and more families are finding it difficult to make ends meet. All other things being equal, a stronger economy that is creating better jobs for more Oregonians can help to reduce that source of stress if prosperity not only is experienced by the wealthy, but also

Oregon's remarkable economic recovery was fueled in part by the companies and people who moved to the state in the 1990s.

reaches middle and lower income groups.

The quality of life has also contributed to the strength of Oregon's economy and the creation of tens of thousands of good jobs.

Oregon's remarkable economic recovery was fueled in part by the companies and people who moved to the state in the 1990s. The 1993 *Oregon In-Migration Survey* reported that the two most important reasons for moving to this state were family and livability.

Just as the quality of life has contributed to the turnaround in Oregon's economy, public policies concerning the economy and jobs can also affect the quality of life. For example, if our education system does not supply the right mix of highly trained workers, then companies will be forced to import the people necessary to fill those jobs. The in-migration necessary to meet the workforce needs of a growing, diversifying economy has already fueled population growth and concerns about an erosion of quality of life.

Chapter 6

Quality Jobs For All Oregonians

OVERVIEW

Between 1979 and 1982 Oregon lost more than 25,000 good jobs in the forest products industry along with many other jobs that relied upon them. The solutions developed in the 1980s included retraining programs, school reform and the attraction and expansion of businesses in other industries. There has been a remarkable turnaround in Oregon's economy in the early 1990s with tens of thousands of good jobs being created, but companies are relying upon out-of-state recruitment because many Oregonians are not qualified for the best jobs. Also, some communities have not benefited from the state's overall prosperity. The two-pronged solution is 1) to improve education and training; and 2) to increase the competitiveness of Oregon business in the global economy.

WHERE ARE WE?

New Technologies And Global Competition Are Reshaping Our Economy And Changing Jobs

The original *Oregon Shines* explained the changes in the state's economy in terms of new technologies and global competition. While these phrases are more commonly accepted seven years later, they still carry too little meaning for most Oregonians because only a small proportion of Oregon's companies do the research and development necessary to create new technologies; only a fraction of the total population knows the language, history and culture of another nation; and eight out of ten businesses do not export.

Oregon's strengths have been its natural resource-based extraction industries and commodity production. And, while employment in manufacturing industries nationally continues to decline, manufacturing

employment in Oregon has increased by more than 10% over the past decade.

However, as we look to the future, the forces transforming our economy are also reducing the value associated with this state's historic strengths. Just as the industrial revolution transformed society in the 19th Century, computers and the software that makes them useful, telecommunications media, other new technologies, and global competition are producing another revolution today — a shift to more of a knowledge-based “economy of the mind.” There are several characteristics of this economic transformation:

- Natural resources are still important but there are fewer jobs on the farms and in the woods; the better opportunities will involve value-added agriculture and secondary wood products.
- Manufacturing is still important but there are fewer jobs on assembly lines because modern manufacturing equipment requires far fewer people (see box on page 30). Modernization means most of a product's value is now added by professionals *before* and *after* manufacturing. Because these professionals who do the research and development, the legal and financial deals, market research, design, etc. make the largest contributions to the company's bottom line they are getting the better jobs with the higher salaries.
- All industries will be using new technologies to increase productivity and to remain competitive but more of wealth creation will be associated with innovation, design, creativity, and product development.
- The global marketplace provides both opportunities and challenges: valuable new markets for Oregon products are opening on the Pacific Rim but many in other countries will work for much lower wages than Americans.

New Technologies Streamline Food Processing in Oregon

At the Norpac plant in Brooks, each ear of corn had to be handled twice on the old assembly line. To be competitive in the global marketplace, Norpac had to improve productivity. With new automated handling and electronic sorting equipment the number of assembly line workers was reduced from 336 to 34, while output doubled. Similar productivity increases have occurred in our lumber mills and in other kinds of manufacturing.

In cases like this, hundreds of people may be displaced but companies must modernize to remain competitive or else everyone will lose their jobs. Therefore, the question is not whether, but when and how such changes will take place.

New Technologies

Because research and development is central to competitiveness in the new economy it is important to monitor R&D expenditures. The figures reported for R&D spending by industry in Oregon are alarmingly low (see Table 1). They would put Oregon in the bottom third in the nation, suggesting this state is not well positioned for 21st Century competitiveness. Quite possibly, however, the figures reported in Table 1 understate the actual amount of R&D done in Oregon, because some companies headquartered out of state may not have accurately reported the R&D done here. Even if the Oregon numbers are doubled, however, industry spending for R&D would still be less than the national average and considerably below that of Washington's industries in 1991 and 1993.

Oregon's relatively low industry R&D expenditures do not seem to be due to a relatively small number of electronics companies. The electronics industry has been growing faster than the national average and "high tech" employment as a fraction of total employment in Oregon is now slightly above the national average. And, the rapid pace of expansion is expected to continue over the next three years.

**Table 1 — R & D Expenditures in All Industries
for Oregon, Washington and the U.S. in 1991 and 1993
(Current Dollars in Millions)**

State	1990	1991			1993		
	Engineers as % of All Jobs	Industry R&D Expenditures	Gross State Product	R&D as % of GSP	Industry R&D Expenditures	Gross State Product	R&D as % GSP
Oregon	1.5%	\$349	\$58,902	0.6%	\$471	\$67,212	0.7%
Washington	3.0%	\$3,215	\$119,505	2.7%	\$4,689	\$134,318	3.5%
U.S. Average	2.0%	\$102,246	\$5,700,803	1.8%	\$118,334	\$6,274,035	1.9%

Source: National Science Board, Science and Engineering Indicators

The best explanation for the relatively low industry R&D expenditures in Oregon seems to be the relatively small size of Oregon's technology sector industries outside of electronics. Employment in the software

Oregon's below-average number of engineers supports the conclusion that the technology sector in this state is small.

industry has been, and continues to be, 10-15% below the national average. Oregon's other technology sector industries, like aerospace, biotechnology, and communications, are very small and do very little research and development in Oregon.

Oregon's below-average number of engineers supports the conclusion that the technology sector in this state is small. In 1990, 2% of all U.S. workers were engineers, according to the U.S. Census, and in Washington State 3% were engineers. Oregon's figure was only 1.5%.

Five factors are typically associated with the expansion of this sector of the economy —

- An outstanding quality of life to attract professionals who could live and work anywhere
- Good roads, airports and advanced telecommunications networks
- What *Fortune* magazine called "knowledge workers" — college graduates often with advanced degrees who create new product ideas and add value through activities occurring before and after manufacturing
- Access to capital for startups and rapid business expansion
- Research universities with leading faculty who produce the new discoveries at the cutting edge of their fields

Oregon is known for its outstanding quality of life, and its basic infrastructure has been adequate for the growth of companies in electronics, computers, instruments, and software. However, Oregon's weaknesses are in

the remaining three factors, which limit the long-term future for this important sector of the economy. For example, *Fortune* magazine did not include Portland on its list of the best places in America for "knowledge workers" because it lacked a major research university and another publication has noted Oregon's shortage of venture capital for startups.

Half of the fastest growing companies in America were started with venture capital rather than conventional financing. Two separate studies released in 1995, however, found a substantial shortage of venture capital in Oregon for technology startups. While most forms of capital move freely around the globe

Half of the fastest growing companies in America were started with venture capital rather than conventional financing.

in search of the best risk-adjusted rate of return, venture capital is a relatively inefficient form of capital because there is less information about the best deals, investments take longer to mature and therefore are not liquid, and venture-backed companies require closer monitoring. Oregon needs more technology startups and therefore available venture capital as a fraction of the Gross State Product should, at a minimum, attain a level comparable to Washington state by 1998.

As a 1996 report from the Oregon Business Council noted, our colleges and universities have not produced enough high-quality knowledge workers, particularly in engineering, computer science, and some other professional fields. Business leaders have concluded that they will not be able to sustain the present growth of their technology-generating companies without a better higher education system. Oregon's colleges and universities should significantly increase the number of graduates over the next five years in areas of substantial job growth.

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The amount of research done in Oregon's universities is also below average. To reach the levels of basic research done by Washington and California universities, the amount of federal contracts and grants in Oregon universities would have to double. Our institutions of higher education have leading researchers. In fact, on the basis of federal contracts and grants per faculty member, Oregon's colleges and universities rank fourth in the nation. However, Oregon's campuses have fewer faculty and they receive below-average levels of support.

Oregon's universities are not well connected to industry. Industry support of university research is below average and, unlike most other states, Oregon does not have a Science and Technology Council to nurture university-industry connections. Therefore, Oregon should strive to equal the national average in public/private partnerships supporting later-stage university research of interest to industry.

Global Competition

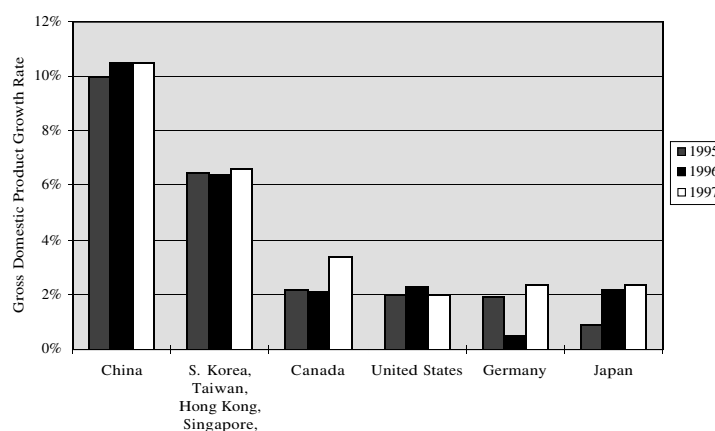
Oregon Shines recognized that the fast-growing markets opening on the Pacific Rim were creating opportunities for exporting more Oregon products. The end of the Cold War and the rapid growth of several Asian nation economies are creating even greater possibilities than the authors of *Oregon Shines* had imagined. (See Figure 14.) A report by the State Office of Economic Analysis points out that export growth has played a key role in Oregon's strong economic performance. Oregon's exports grew 85% between 1991 and 1995. High technology manufactured exports increased from \$1.6 billion in 1991 to \$4.3 billion in 1995 while the value of agricultural exports increased from \$1.4 billion to \$2.4 billion over the same period.

Every day, Oregonians ship wheat and french fries to Asia, finished wood products and housing to Japan, and computers to Europe. Oregon workers and Oregon businesses are benefiting from the rapid growth of

the world economy. For example, companies engaged in international trade typically pay their employees 12 to 18% more than those firms that do not export.

Symbolic of the increasing importance of new technologies to Oregon's economy, the value of agricultural, forest products, and high tech exports were equal in 1989 but high tech exports exceeded agricultural and forest products exports combined in 1995.

Figure 14. Rapid Economic Expansion in China and the Little Tigers



Vision for Oregon: Jobs —
Oregon will be a high-wage economy
with increasing opportunities for
personal success.

WHERE DO WE WANT TO BE?

Throughout the 1990s polls have shown that "the economy/jobs" is one of the leading issues for the state, and is often first. The high priority placed on this issue is understandable given the relative drop in incomes during the early 1980s (see Figure 13), and the large changes occurring in the structure of our economy. Most Oregonians know we cannot go back to the way things were before, and that higher levels of education and skill will be required to obtain a "good" job. However, they are uncertain about the future, are concerned about their children, and worry about their financial security.

Our vision is for a vital, prosperous Oregon that excels in all spheres, including the economy. Our vision is not merely increased prosperity for a few, but better lives for all, in communities throughout the state. That will mean new jobs for some and better jobs for others. The most important keys to this future will be better education and training for Oregonians.

Attitudes About Education And Training

Oregonians want good schools for their children and retraining opportunities when careers change. Those concerns are shown in public opinion polls and our historic funding of the schools. In the Oregon Business Council's *Values and Beliefs Survey*, "community commitment to quality education" was second only to "accessible hospitals/health care" as an important community value. "Public schools" and "employment/training programs" were rated second and third as the most important government services.

Results from the *Values and Beliefs Survey* indicate that 61% agreed with the statement "more of Oregon's businesses and firms will be producing more advanced products and valuable services that will rely on higher levels of education and skill in the future." On the other hand, only 17% felt Oregon is doing a good job of providing the skills necessary to use new technologies in a global economy. And two out of three parents believed major change is needed in their local neighborhood schools.

Another indicator of the importance of education is that Oregonians have historically been willing to pay for good schools. Figures from the Census Bureau indicate that prior to the passage of Oregon's property tax limitation initiatives (Measures 5 and 47), Oregon was typically among the top 10 or 15 states in the nation in per-pupil expenditures for elementary and secondary schools. By 1993-94, however, Oregon had slipped to 24th and education was rated as one of the most important issues

The Perspective of a High Tech CEO

Throughout the '60s and much of the '70s the U.S. technology industry had very little international competition. But rebuilding foreign nations targeted technology as the key to their economic success. By the mid '80s the entire consumer electronics industry in the country was history; computer companies were fighting for their lives, and the semiconductor industry was under major attack.

In the past ten years, while the U.S. technology industry reduced its total employment some 20 to 30%, it has almost doubled its output. More than half of Oregon technology companies' revenues came from products introduced in the last two years; the median time to market for Oregon companies is less than 12 months.

The recent successes, however, are in jeopardy. The growth of the technology industry we are now enjoying in Oregon is not sustainable. The re-deployment and downsizing of the industry of the '80s has masked our greatest problem for continued growth — a constant supply of newly qualified and continuously educated workers and professionals to keep pace with the industry in the rapidly and ever-changing world of technology. The success of Oregon's high tech industry to date has had very little to do with having made improvements in the educational system in this state. Yet, it has everything to do with its future.

JAMES M. HURD, PRESIDENT/CEO
PLANAR SYSTEMS, INC.
OIT COMMENCEMENT JUNE 15, 1996

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facing Oregon (second only to the economy and jobs). More recently, an *Oregonian* opinion poll last spring found “stable funding for education” to be the most important issue for the 1996 elections.

Even though public school and community college funding has been well above the national average, taxpayer support for higher education has been well below average. The state appropriation per student in Oregon's four-year colleges and universities was, for example, 10% below the national average in 1990 (29% below for universities without health sciences programs). Since the 1990 passage of Measure 5, Oregon has reduced its support for higher education more than any other state — four years in a row.

Participants at task force-sponsored regional meetings recognized that, more than ever before, job opportunities and incomes are linked to education and more frequent job changes mean retraining is to be expected for most of us. They wanted a high quality education system from pre-school through public schools, community colleges, higher education and lifelong learning. They were concerned about signs of declining quality and funding for education in Oregon. In addition, there was a growing recognition that, if greater attention was not paid to the pre-school years, the result would be more children entering school unprepared to succeed. And without greater attention to our colleges and universities Oregonians would not be prepared for the best paying and most stable jobs.

Meeting participants were also concerned about the effects of stress on children. They felt children needed a vision, and that too many lacked hope and basic life skills, such as reporting to work on time, being able to count change, caring about the quality of work, and accepting the responsibilities of citizenship.

Attitudes About The Economy And Financial Security

“The economy/jobs” was rated the most important issue in the Oregon Business

Council's *Values and Beliefs Survey* in 1992. It was the most frequently given response to the question “What do you think will be the most important issue facing Oregon in ten years?” It was also the most commonly mentioned thing respondents would like to fix about Oregon.

One year later, another survey was commissioned by the Oregon State System of Higher Education. A third of the respondents to that survey were worried about financial security. That percentage was even higher for some groups. Of those over the age of 55, those with the least education, and those living outside the Willamette Valley, for example, half did not feel financially secure.

HOW WILL WE GET THERE?

Oregon's overall economy has experienced a remarkable recovery in the early 1990s and most observers believe that above-average performance should continue for the next few years. However, action is required if Oregon is to be well positioned for 21st Century competitiveness.

The economic competitiveness of various regions has typically been associated with four factors: natural resources, capital, technology, and an educated/skilled workforce. While access to natural resources and capital were once the most important, the balance is changing. As our economy is reshaped by new technologies and global competition, MIT economist Lester Thurow argues that natural resources are no longer a major source of competitive advantage. In addition, most sources of capital, with the notable exception of venture capital for startups, now flow around the globe to the business opportunities with the highest risk-adjusted rate of return. Technology has become a major source of comparative advantage and R&D is critical to competitiveness. Because technology-generating companies can locate anywhere, the education and skills of the workforce are central to the competitiveness of a region.

In a global economy a worker has one of

two things to offer — skills or the willingness to work for low wages. Oregon should not be interested in trying to compete with other Pacific Rim nations on the basis of low wages.

Oregon will be positioned well for 21st Century competitiveness only if our education system prepares Oregonians for tomorrow's jobs, and if we create conditions that foster the growth of Oregon businesses and firms.

A two-pronged strategy is recommended: 1) improve education and training; and 2) increase the competitiveness of Oregon business in the global economy. If both are successful, then Oregon's per capita income should rise above the national average early in the 21st Century.

The path to sustained economic growth and better lives begins with a recognition that new technologies and global competition are reshaping our economy and changing the nature of work. Oregon will be positioned well for 21st Century competitiveness only if our education system prepares Oregonians for tomorrow's jobs, and if we create conditions that foster the growth of Oregon businesses and firms.

The Education Continuum — Preparation For Tomorrow's Jobs

Education is not only linked to higher earnings, it is central to all three of our goals. If Oregon is to have a comparative advantage in a knowledge-based economy, then this state must have a world-class education system. Considerable policy attention has been focused upon the basic needs of the workforce since *Oregon Shines* was written. In the early 1990s the State Legislature passed the "Educational Act for the 21st Century," established school-to-work programs, and expanded technical training in the community colleges. Much of the policy foundation is in place and programs are being implemented to raise standards and assess outcomes but there is still much to be

done. Employers continue to raise concerns about too many school graduates who are weak in basic skills, lack a sound work ethic, and generally are not "ready to earn."

In the global marketplace Americans must compete with the best in the world. Several national reports over the past decade have bemoaned the fact that children in other industrialized nations outscore Americans on standardized tests. As originally envisioned, Oregon's school reform legislation would have addressed this issue by incorporating longer school days, more instructional days per year,

Oregon does not currently conduct any regular tests that can be used to compare Oregonians on international measures.

and new programs to reach international standards. However, some of the most ambitious aspirations have been deferred. In fact, Oregon does not currently conduct any regular tests that can be used to compare Oregonians on international measures.

In contrast to the public schools, post-secondary education in America is unquestionably the best in the world. Oregon has excellent community colleges and many outstanding programs at its four-year colleges and universities but none of its universities are ranked in the top 25. Oregon's community colleges have been responsive to the state's changing economy and are considered to be important assets but Oregon's four-year colleges and universities are not.

Even though Oregon companies are creating more professional and managerial jobs, there has been little change in the number of four-year college graduates produced in Oregon. Because we failed to attend to the need for more engineers, scientists, and senior managers, many of the best-paying jobs have been filled by out-of-state recruits.

To ensure that Oregonians are prepared for tomorrow's jobs, we reaffirm the strategic

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initiative in the original *Oregon Shines*:

- ✓ 1.1 — Oregon's workforce will be the best educated and trained in America by the year 2000, and equal to any in the world by 2010.

This continues to be the most important element of Oregon's strategic plan. While many changes have been made in the state's

Unless substantial policy changes occur, Oregon will not reach its goal of having a workforce equal to any in the world by 2010.

education and training system following the release of *Oregon Shines* in 1989, the state has not been making the corresponding financial investments that would bring our schools to international standards and make higher education a greater asset to the economy. Unless substantial policy changes occur, Oregon will not reach its goal of having a workforce equal to any in the world by 2010.

The Economy And Jobs — Competitive Oregon Businesses That Are Creating Good Jobs

Low interest rates, external economic factors, our valued quality of life, some wise investments, and a little luck have contributed to the strength of Oregon's economy in the 1990s. The decisions made now will have much to do with whether or not Oregon's economy will be competitive early in the 21st Century.

In order to be competitive in the future, all businesses and firms must place even greater emphasis on creativity and innovation. The key strategy for continued economic expansion and the creation of good jobs has three components: 1) diversify, 2) add value and export, and 3) support small business. This strategy applies to the entire state but some of the issues play out differently in the various regions of Oregon.

Further Diversify the Economy

THE TECHNOLOGY-GENERATING SECTOR

The technology-generating industries in America have grown twice as fast as the national average over the last two decades. These industries have made significant contributions to our overall economy and society, and offer great potential for the future. They hire a disproportionate number of high-wage professionals, have less of an impact on the environment, and export more.

In his report to the New York Academy of Sciences Michael Salvato characterized Oregon's choice in the late 1980s as a missed opportunity.

Although Oregon Shines identified technology as a force transforming the region's economy, it failed to position scientific research, technological innovation and higher education as tools for shaping the future of the state's economy. The plan missed an opportunity to establish as a long-term goal the development of the state's scientific and technological capabilities to compete in the high value-added, knowledge-based economy of the future. Science, technology and advanced education, thus, were not given the status of an officially recognized strategic economic development priority.

Updating the state's strategic plan at a time when Oregon's economy is much stronger provides a second chance to address this issue. Oregon now has an excellent opportunity to build upon its strong base of growing companies. Intel's Pentium chip was developed in Oregon and with more than \$12 billion in plant expansion planned by several leading companies this state will soon become one the leading locations in the world for semiconductor manufacturing. However, there have not been as many venture-backed startups in Oregon during the early 1990s as there were a decade earlier.

An important distinction exists between using new technologies and developing them. All industries will be using new technologies for competitiveness but the technology-generating industries have become important “drivers” of our economy and will be more significant in the 21st Century.

While “high tech” in Oregon is now at the national average, software continues to be 10-15% below average and we have very little in other technology-generating industries such as aerospace, biotechnology, and communications.

- ✓ 1.2 — Oregon will be one of the top ten states in America to start and grow a technology company by 2000.

SPECIAL NEEDS IN RURAL OREGON

While 1996 was an exceptionally good year for wheat, many of the agricultural commodities we have traditionally produced, like beef, have been returning lower prices in the

The strength of communities in rural Oregon will depend upon the success of efforts to diversify local economies, add more value to the commodities produced, and increase exports.

marketplace. As a result, the economic return from Oregon farms reached the lowest point in a decade. In fact, greenhouse/nursery stock exceeded beef and wheat in 1995 agricultural sales. In addition, timber harvests from public lands are expected to remain at very low levels. The strength of communities in rural Oregon will depend upon the success of efforts to diversify local economies, add more value to the commodities produced, and increase exports.

Rural communities have been working to diversify their economies and there are many encouraging signs of success, including new software companies, light manufacturing, health care and other professional services, recreation and tourism. There are also more

professionals (“fax machine yuppies”) who could live anywhere but prefer the smaller communities in rural Oregon. However, the relative isolation of some parts of the state is a factor limiting the success of diversification efforts.

- ✓ 1.3 — State agencies should coordinate their efforts with local communities to diversify and strengthen the economies of rural Oregon.

Add Value and Export

GOODS

Many regions of the state will continue to grow and harvest existing crops because the altitude and growing conditions are particularly suited to them. However, greater reliance upon innovation in agriculture, forestry, and fisheries could increase product values in Oregon’s natural resource-based industries. For example, an Oregon State University study estimates a substantial boost to Oregon’s economy if the value-added component of agricultural production could be increased from one-third to the national average of one-half. Similarly, it has been estimated that three jobs are created from every million board feet to produce lumber; 20 jobs for lower-end millwork, like window frames; and 80 jobs to make high-end furniture.

One of the strengths of Oregon’s economy has been, and continues to be, the volume of exports from our natural resource-based industries. Oregon has the potential to meet some of the demand in Pacific Rim nations that are having difficulties feeding and housing their growing populations. Oregon’s natural resource-based industries will generate higher cash values if there is greater utilization of new technologies to gain the highest sustainable yield from the land and if there are further export increases in value-added agriculture and secondary wood products.

Oregon’s export opportunities, however, are not limited to its natural resource-based

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industries. The number of companies engaged in international trade grew in the 1990s and Oregon exports, particularly high tech exports, increased sharply. Still eight out of ten Oregon companies do not export. With new trade opportunities opening on the Pacific Rim the potential is high for further increases.

- ✓ 1.4 — More Oregon companies will export higher-valued products.

PROFESSIONAL SERVICES

With the improvements in modern manufacturing most of a product's value is now added by professionals before and after manufacturing. Therefore, the professional services are increasingly important to the economic competitiveness of a region.

We usually think of exporting products, but when an advertising firm, like Wieden and Kennedy, sells its services to out-of-state clients like Coca Cola and Microsoft, cash flows into Oregon's economy. Therefore, competitive professional services can be not only an important value-adding component of the economy, but also a potential Oregon "export." However, Oregon is currently a net importer (by 14%) of legal, financial, and other high-end professional services. Oregon's economy will be stronger if Oregon companies get more of their high-end professional services (legal, financial, architectural, engineering, etc.) in this state.

- ✓ 1.5 — Oregon will be a net exporter of high-end professional services by 2010.

Support Small Business

Oregon is a small-business state. Nine out of ten Oregon businesses and firms have fewer than 20 employees. These private enterprises provide a wide variety of products and services important to the state's economy.

- ✓ 1.6 — Oregon's policies will support small business by providing adequate infrastructure while holding down the costs of doing business.

Increase Incomes for Oregonians

If the strategy outlined above is successful, then our standard of living will increase. While quality of life, Oregonians' "second paycheck," is an important factor not to be discounted, incomes are an important indicator of Oregon's standard of living and overall well-being. Therefore, the Progress Board should continue to monitor Oregon's progress toward Oregon's per capita income goals. (See Figure 13.)

References to per capita income and other averages might imply that the distribution of incomes and the concern about the disparity between the "haves" and "have-nots" have been overlooked. While these averages have been chosen as useful indicators that are readily available, the goal is not merely increased prosperity for some but rather better lives for all Oregonians. Therefore, we must continue to strive to reduce poverty and create opportunities for upward social mobility for those who are willing to work hard.

- ✓ 1.7 — The goal stated in the original *Oregon Shines* to raise per capita income to exceed the national average is reaffirmed.

HOW WILL WE MONITOR PROGRESS?

Improve Education and Training

Education Benchmarks are the best indicators of success in this area.

The key Benchmarks for Goal 1.1 regarding education and training are:

- #23 — Percentage of eighth grade students who achieve established skill levels in writing, reading and mathematics.
- #26 — Percentage of Oregonians who have completed a baccalaureate degree.
- #30 — Percentage of adults with intermediate literacy skills.

Additional Benchmarks that will be monitored include: high school work experience; AA degrees in professional technical

training; on-the-job training; one year post secondary education; computer usage; and high school diploma or equivalent.

Further Diversify the Economy

Economic Performance Benchmarks are the best indicators of success in this area.

The key Benchmark for Goal 1.2 regarding technology companies is:

- #8 — Industry research and development spending as a percentage of gross state product.

Additional Benchmarks that will be monitored include: venture capital investment; home personal computer telecommunications; air and wastewater contaminant permits; traded sector strength; diversity of employment distribution; international airline service.

The key Benchmark for Goal 1.3 regarding rural diversification is:

- #1 — Percent of Oregonians employed outside the Portland tri-county area and the Willamette Valley.

Add Value and Export

Economic Performance Benchmarks are the best indicators of success in this area.

The key Benchmark for Goal 1.4 regarding exporting goods is:

- #19 — Percentage of manufactured goods sold outside the United States.

An additional Benchmark that will be monitored is foreign language ability.

The key Benchmark for Goal 1.5 regarding exporting professional services is:

- #2 — Percentage of professional services exported (imported) relative to total Oregon industry demand.

Support Small Business

Economic Performance Benchmarks are the best indicators of success in this area.

The key Benchmark for Goal 1.6 regarding small businesses is:

- #3 — Oregon's national rank in new companies.

Additional Benchmarks that will be monitored include: rank in business closings; rank in health care costs; rank in workers compensation costs; rank in business taxes.

Increase Incomes for Oregonians

Economic Performance Benchmarks are the best indicators of success in this area.

The key Benchmark for Goal 1.7 regarding income is:

- #14 — Per capita personal income as a percentage of U.S. per capita income.

Additional Benchmarks that will be monitored include: percentage of Oregonians in middle income range; unemployment rate; net job growth; average annual payroll; family wage jobs.

Chapter 7

Safe, Caring And Engaged Communities

OVERVIEW

In the 1980s, social problems were increasing. The proposed solution was to improve the economy in hopes of relieving some of the financial stress on families and individuals. In spite of the economic turnaround, however, government social service agencies and non-profit organizations have seen an increasing number of more complex cases in the 1990s, and the waiting lists for services have been getting longer. We can now see that changes in American society are placing more stress on families, and that solutions must address root causes through local, targeted projects with shared responsibility for improved outcomes. The two-pronged approach is to 1) minimize preventable social costs and 2) build strong communities that support families and help restore hope.

WHERE ARE WE?

Fading Community And More Stress On Families Are Changing Society

No state has been able to avoid the great social problems that have plagued the United States in recent decades. On indicators like poverty and infant mortality, however, Oregon rates better than the nation as a whole. Families who have lived here for generations, along with those who have recently moved to the state, take pride in Oregon's sense of community and quality of life.

However, some key social indicators, like juvenile crime rates and student drug use, seem to be increasing in Oregon. Others, like teen pregnancy and school failure, remain relatively constant, but their consequences are growing more severe. Prior to World War II, less than one-third of all adults had a high school education but there were many opportunities for hard-working dropouts. Today, most jobs

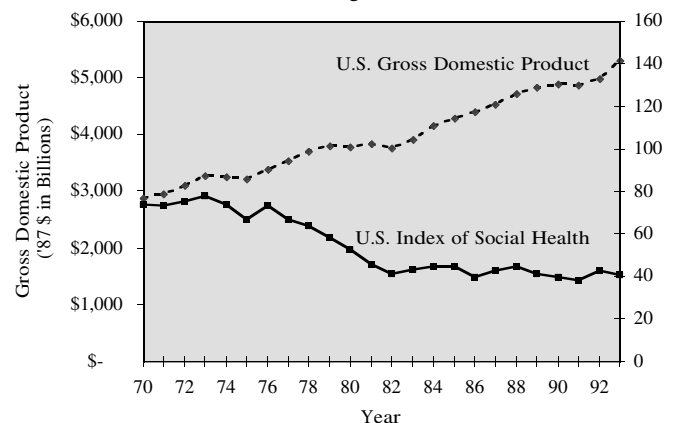
require at least a high school diploma, and a dropout has few employment options.

The lack of improvement on many of Oregon's social indicators and the decline in others are disturbing.

The lack of improvement on many of Oregon's social indicators and the decline in others are disturbing, considering how much the economy has improved in the past decade. Conventional wisdom assumes that, when the economy goes bad, so do social indicators. The inverse should also be true; yet there has been a dramatic improvement in Oregon's economy in the 1990s with little change in most social indicators, like poverty, and some decline in others.

The Institute for Innovation in Social Policy at the Fordham Graduate Center has been studying the relationship between the economy and the "social health" of the United States over several decades. Their Index of Social Health is a composite of the following indicators: infant mortality, child abuse, children in poverty, teen suicide, youth drug abuse, high school drop-outs, adult unemployment, average weekly earnings, health insurance coverage, poverty among those over

Figure 15. Social Health Has Declined Since Mid-1970s Despite Rising GDP



65, out-of-pocket health costs for those over 65, homicides, alcohol-related traffic fatalities, food stamp coverage, access to affordable housing, and the gap between the rich and the poor. The Institute reports that, in the 1960s and early 1970s, increases in the social health of the nation tracked growth in the economy. The pattern, however, changed in the late 1970s. The U.S. Gross Domestic Product rose over the past two decades but the nation's social health fell sharply from 1976 to 1982 and hovered around that lower level during recessions and periods of strong economic growth.

The original concept of the Circle of Prosperity in *Oregon Shines* was based upon the belief that an economic turnaround would "create opportunities for Oregonians, reducing poverty and crime." We now know, however, that even though a higher income can reduce the social service needs of a particular family, an increasing *average* family income does not necessarily reduce a state's social problems. There are many causes of social problems and

While there has been a remarkable turnaround in Oregon's economy overall, there has been little change in poverty rates and many in the vast middle class are finding it harder to make ends meet.

the relationships among these factors are much more complex than depicted in the original concept of the Circle of Prosperity.

And, averages can be misleading. While there has been a remarkable turnaround in Oregon's economy overall, there has been little change in poverty rates and many in the vast middle class are finding it harder to make ends meet. Also, some parts of the state have not participated in the economic recovery and still have high unemployment. In addition, large social forces are placing more stress on families while communities are less able to support them.

Fading Sense of Community

One of the large forces affecting American society is the long-term loss of trust eroding our communities. Harvard University's Robert Putnam has shown that fewer people belong to service clubs and that membership in groups, such as the Red Cross, the League of Women Voters, and the PTA, has steadily declined over the last few decades.

Some observers argue that civic participation is not really in decline, but merely re-emerging in other forms. However, these

The loss of trust and decline in civic engagement have important economic and social consequences.

writers provide very little data to support this contention and there is much in our personal experience to suggest an erosion of community and a loss of trust. As Professor Putnam points out, not only is there less trust in government today, we trust each other less. The proportion of Americans who agree that "most people can be trusted" has declined from 58% in 1960 to only 35% in 1994.

The loss of trust and civic engagement have important economic and social consequences. In his book, *Trust*, Francis Fukuyama argues that the declining sense of community in America affects the economy, because societies based upon trust are better able to form the strategic business alliances so important to today's smaller, more flexible companies. He adds that in societies based upon trust, companies can reach agreements more easily and are less likely to rely upon the courts.

The breakdown of community in America also has obvious implications for society with important differences between small towns and cities. Rural areas have a strong sense of community but fewer opportunities. Metropolitan areas have more opportunities but a fading sense of community.

Rural communities are proud of their strong community values and small town

quality of life. Residents of small towns know their neighbors and feel they can rely upon each other in times of need. However, over the last few decades, economic opportunities in many rural areas have diminished. Many residents find themselves torn between remaining in their communities with fewer opportunities and moving elsewhere to find a better job.

The situation is reversed in metropolitan areas. While the economy is more diversified and there are more job opportunities, the cities are experiencing a rise in social problems, such as juvenile crime, but less community support. Therefore, many feel unsafe, some do not know their neighbors, and fewer feel engaged in civic affairs. As the level of trust declines, people are less inclined to go out of their way to be helpful and are less likely to intervene when a child is getting into trouble.

Several groups are working to rebuild the sense of community in America. For example, the Pew Charitable Trust's "Partnerships for Civic Change" program has identified several smaller American cities working together to address community needs. Eugene Oregon was chosen for its Networking for Youth program, which provides adult mentors and constructive alternatives during the adolescent years. It tries to develop responsible behavior by creating a sense of belonging and meaning at a critical stage of development. Like other projects in

The "healthy communities" movement within America's health care industry has emerged from the recognition that it does little good to make sure all children are immunized if they are shooting each other on the streets.

Pew's "Smaller American Cities Initiative," Networking for Youth emphasizes hope and opportunities and therefore asserts "youth development must go hand in hand with community development and economic development."

The "healthy communities" movement within America's health care industry has emerged from the recognition that it does little good to make sure all children are immunized if they are shooting each other on the streets. It acknowledges that the healthy companies creating opportunities are not attracted to communities plagued by social pathology. Therefore, concerns about health, well being, and better conditions of life must go hand in hand with the development of industry and the education of the citizenry.

Sandy, Oregon

In the face of rapid economic and population change, Sandy's main challenge has been the preservation of community identity and quality of life. To ease the adaptation of Mexican and Central American immigrants to life in the United States, community groups, city officials and local business leaders founded "El Camino Nuevo" ("The New Road"), a nonprofit information clearinghouse and support agency for Sandy's Hispanic population. Conceived as a response to rapid growth, "Sandy 2040" is a community-wide visioning process incorporating major updates to the city's comprehensive land-use and development plan. Additionally, to retain a sense of community identity and celebrate Sandy's contribution to the opening of the West, city officials and agencies, nonprofit groups, service clubs, and businesses in 1993 organized the "Wagon Train Celebration," commemorating the 150th anniversary of the Oregon Trail wagon train.

NATIONAL CIVIC LEAGUE, 1995

Several other foundations and groups are also supporting community building projects. For example, the National Civic League has for decades recognized the fine work of communities throughout the nation. In fact, their finalist list in 1995 recognized the efforts of one Oregon community (see box).

More Stress on Families

Large social forces, such as the increase in the number of two-working-parent families, the dramatic increase in single-parent families, and the growing gap between the “haves” and “have-nots” have affected families over the last two decades. Some of the important social changes that have major consequences for families, schools, and social agencies are described below:

WORKING MOTHERS

Over the last few decades there has been a substantial movement of women into the workplace. The percentage of mothers with infants working outside the home was small

three decades ago. Today, over half do. While some women choose to work for personal enrichment and career development reasons, many work in order to provide needed income for the family.

Dave Allen in the Oregon Employment Department reports that it now takes two average wage jobs to make one average family income in Oregon. Wages have not kept pace with inflation; therefore parents are spending more time at work and away from their children.

Changes in the workplace have not kept pace with changes in the family.

In addition, changes in the workplace have not kept pace with changes in the family. Because few companies provide child care, more families with both parents working must search for affordable and adequate facilities. Most available child care provides supervision, but not the individual attention and stimulation so important to early childhood development. While Congress is beginning to enact family-friendly legislation, like the Family Medical Leave Act, both government and business are still struggling to catch up to the changes in today's working families.

SINGLE-PARENT FAMILIES

Since the 1950s, America has experienced a dramatic increase in single-parent families. While many single-parent families result from divorce, which has increased sharply since the 1950s, a more recent cause is the rising number of births to unwed mothers. Today, nearly one in three births is to an unwed mother; 20 years ago it was only one out of ten. Among teens, the rate has tripled in the past 20 years, from one in four to nearly three out of four today. Women head 90% of the single-parent families, many receiving little or no help from the fathers. Only 50% of divorced fathers contribute financially to a child's support and many spend little time with their children.

A Message from Teenagers

Not long ago a national organization sponsored a contest in which teenagers were invited to write and produce their own public service announcements for television. The announcements could deal with any deserving subject, such as drug or sex education, AIDS awareness, conflict management, the importance of staying in school, and so forth.

Hundreds of entries were submitted from all over the United States. By a wide margin, the most popular message was devastatingly sad in its simplicity: the adolescents used the public service announcements to remind parents to take time to talk to their teenagers.

FROM *BEYOND THE CLASSROOM*
BY LAURENCE STEINBERG

While there are heartening stories of single mothers who have overcome the odds, the financial difficulties often take a toll on the children of single-parent families. Additionally, some of these children do not receive the emotional and intellectual attention they need to develop fully.

GROWING UP IN POVERTY/THE HAVES AND HAVE-NOTS

There is a relationship between the growing number of teenage mothers who do not marry (described above) and the incidence of poverty. It has been estimated that Americans who finish high school, reach the age of 20 and get married before they have a child have only an 8% chance the child will grow up in poverty. For those who do not reach all three milestones before having their first child, the odds of their children living in poverty rise to 79%.

Despite our economic resurgence, the number of children in poverty in Oregon is at the same level as in 1989, approximately 15%. At the same time, the U.S. average has stayed around 22%. While Oregon's rate remains well below the national average, our collective inability to reduce child poverty should be a matter of great concern to Oregonians.

LESS TIME WITH CHILDREN

Temple University Professor Laurence Steinberg, in his new book entitled *Beyond the Classroom: Why School Reform Has Failed and*

Children of "disengaged parents" often fail to develop self-esteem, and are more likely to engage in alcohol and drug abuse, delinquency and violence, suicide, and sexual behavior at an early age.

What Parents Need to Do, states that a large percentage of high school students in America today do not take their studies seriously and too few of their parents are concerned about it. He estimated that one-quarter to one-third of all parents do not know how their children are

doing in school, do not know who their friends are, and rarely spend time with them. The children of "disengaged parents" often fail to develop self-esteem, and are more likely to engage in alcohol and drug abuse, delinquency and violence, suicide, and sexual behavior at an early age.

While there were a few "difficult" students in the typical classroom 30 years ago, Professor Steinberg estimates that more than one-third of the students today have "checked out." Many of these children who have lost interest in school regularly cut class and some will eventually drop out.

Most parents would like to be as involved as possible in the lives of their children, given the increasing demands of modern life and the need for both parents to work outside the home. With the increasing number of single-parent families and the welfare-to-work requirements many parents may find that they have even less time to spend with their children.

PHYSICAL AND PSYCHOLOGICAL ABUSE

While the causes of abuse are difficult to pinpoint, the effects are not. The *Youth Risk Behavior Survey* said "Students physically abused in the past year were three times as likely to have seriously considered suicide, four times as likely to have been pregnant or gotten someone pregnant, and nearly seven times as likely to have ever used cocaine than were students who were never physically abused."

In 1995, the state Office of Services to Children and Families (SCF) released another task force report that discussed cases where children had been removed from homes because of abuse and neglect. They found substance abuse problems were both an instigator and a barrier to children returning to their homes. The report stated:

... drug/alcohol problems were found in 79% of the "prenatal abuse" cases and 73% of the neglect cases. Ninety percent of single mothers and 70% of single

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fathers involved with law enforcement are also involved with drugs or alcohol. Most single mothers with substance abuse problems require a multitude of services outside SCF. They are faced with inadequate housing, inadequate income, criminal involvement, frequent relocation and domestic violence.

There has been a sharp increase in the number of reported cases of child abuse in America over the past three decades with serious long-term consequences for society.

A study in Texas found that more than 70 percent of adult male prisoners had been physically and/or sexually abused as children.

For example, a study in Texas found that more than 70 percent of adult male prisoners had been physically and/or sexually abused as children. More than 90 percent of female offenders had been abused.

The incidence of abuse is not restricted to children. Americans are becoming increasingly aware of the shocking incidence of domestic violence. Some estimates run as high as one in four women being victims of psychological or physical abuse. A largely unseen but serious concern is the abuse of seniors and the disabled. In Oregon, for example, the Senior and Disabled Services Division will investigate 9,000 reports of such abuse this year.

ADULT DRUG AND ALCOHOL ABUSE

Adult drug and alcohol abuse can have startling impacts on both the parents and their children (see accompanying box). Substance-abusing parents often are unable to provide for the child's basic needs. They suffer higher rates of stress such as unemployment, single parenthood, physical abuse, and heavy child care responsibilities that compound the substance abuse problem.

Children who live in abuse and neglect situations often receive inadequate stimulation

and affection, which impacts their ability to develop fully.

FAMILY ISOLATION AND VIOLENCE

Drug abuse, battering, and child abuse are more likely to occur in isolated families by individuals who seldom interact with their neighbors. In today's society, people are busier and they are more mobile. Mostly for economic reasons, people move more often than in years past and this constant movement has created communities of individuals who are disconnected from one another. The result is a loss of trust and civic engagement, which contributes not only to the isolation characteristic of abuse but also a breakdown of community support for families in need.

Mother Blames Drugs for Abuse

The Oregonian reported on November 1, 1996 the tragic story of a Southeast Portland mother whose crack cocaine addiction "led her to sell the most precious thing a parent has — her children." Ms. Good prostituted her three daughters, all less than 16 at the time, to her drug supplier.

"The crimes that you have committed profoundly violate the most basic trust in any society," said Judge Michael Marcus, "the trust between mother and child."

"I would just like to say to the public that I am sorry," said the 36 year old mother, "and that I hope this would be a lesson to at least one person to save them from doing drugs."

"Don't do drugs...it can lead you to things you have no control over."

TEENAGE DRUG AND ALCOHOL ABUSE

After hopeful declines in the late 1980s and early 1990s, the recent increase in drug use among teenagers reported by the state Office of Alcohol and Drug Abuse Programs is alarming. For instance, the percentage of Oregon 11th-graders who said they used marijuana fell from 29% in 1986 to less than 15% in 1990 and

Drug use by children in junior high is also increasing.

1992. However, the numbers have risen again to 22% by 1996. Also, more than two-thirds of 11th-graders drink alcohol.

Drug use by children in junior high is also increasing. Marijuana use by 8th-graders in Oregon rose from 5% in 1990 to 15% in 1996. The most recent Oregon Public School Drug Use Survey report indicated that 8th-graders who use marijuana are four times more likely than those who do not to get Ds and Fs in school; seven times more likely to be arrested; and six times more likely to ride in a car being driven by someone under the influence of drugs or alcohol.

ADULT AND ELDER CARE

Oregon's population is relatively old and aging faster than the nation as a whole. The increase in the senior population has created new challenges for the family structure, non-profit organizations, businesses and governmental organizations alike. While many seniors are healthy and active, and look forward to these years as a time of exploration and growth, many others are in need of assisted support services.

With advances in modern medicine people are living longer and a growing number of persons of advanced age and frailty are dependent upon younger family members — a responsibility that typically falls upon female relatives. Known as the “sandwich generation,” many caregivers are caught between caring for their children and older parents. The costs of

elder care often drains their own financial resources, as well as their parents', paying for hospital visits, nursing homes and support services. Not surprisingly, the financial strain, along with the care giving burden, has created added stress on families.

When elder parents can no longer care for themselves but do not want to live in a nursing home, they may move into the homes of their adult children, reversing the role of caregiver. The so called “boomerang effect” is the opposite of the pattern identified in the 1980s of adult children moving in with their parents because their incomes were too low to support independent living.

The discussion above indicates that caregiving is a life-span issue. The number of non-elderly adults with significant disabilities is also increasing. As a result of these changing demographics, the reduction in the amount of time persons are in formal treatment settings, and the increased use of community-based care, there is a growing demand on families to provide long-term and often intensive support to dependent family members of all ages.

Vision For Oregon: Communities — Oregon will be a place where all families and individuals can live and prosper.

Where Do We Want To Be?

In the 1980s the fading sense of community and increased stress on families affected society throughout the nation. In many ways the pressure on communities and families was greater in Oregon because this state experienced a longer and deeper economic recession. Studies have shown that hard-hit timber towns experienced higher levels of abuse of all kinds during this period. Because the downturn was so severe we were unable to invest sufficient taxpayer dollars in prevention programs at that time. Now, we are paying the price in the form of costly intervention, such as new prisons.

Oregon will need innovative policies and stronger communities if this state is to deal effectively with the increasing stress on families. Indeed, Oregon has a history of innovative approaches to social policy. For example, in the 1980s, under a special Medicaid waiver, Oregon pioneered the

Oregon will need innovative policies and stronger communities if this state is to deal effectively with the increasing stress on families.

development of strategies allowing more of the elderly to continue living in their own homes rather than moving into expensive nursing homes. In 1990, despite a population increase, Oregon was the only state to have fewer citizens in nursing homes than in 1980. As a result, Oregonians have saved several hundred million dollars in long-term care expenses and improved the elderly recipients' quality of life.

A healthy, well-functioning community is safe, caring, and engaged. While interrelated, these three issues will be examined separately in the sections below.

Attitudes about Safe Communities

Oregonians want to feel safe in their homes and on their streets. In the 1992 *Values and Beliefs Survey*, police services was one of the most highly rated functions provided by government, but crime was not considered to be one of the most important issues facing Oregon at that time. In 1994, fear soared and the desire for crime reduction took center stage when Oregonians passed three ballot measures increasing punishment to address a perceived increase in crime. As a result, the taxpayers will be spending an additional \$1 billion on prison construction and operation over the next five or six years. More of the State General Fund budget is now spent on corrections than higher education. In fact, as the percentage of the General Fund being spent on prisoners has increased in the 1990s, there has

been an offsetting decrease in support for college and university students.

Attitudes about Caring Communities

Oregonians want humane care for the aged, infirm and others who are the least capable of caring for themselves. However, as Oregonians work harder to balance their own budgets, they struggle with helping others in need.

There is also growing concern, however, that some social programs have worked in direct opposition to their intent, creating dependencies upon the government that serve as disincentives for personal responsibility and initiative. This perception gave impetus in

Six out of ten Americans now believe the federal government is trying to do too much.

Oregon to the "Workfare" ballot measure in 1990 and nationally to the 1996 welfare reform bill. Six out of ten Americans now believe the federal government is trying to do too much and many support tax and expenditure limits as a way of reducing government intrusions.

Oregon's record on reducing its welfare rolls counters this perception. The number of people on welfare has fallen from 43,617 in March 1994, to 31,211 in June 1996. Credit is given to the JOBS program, the Oregon Health Plan, and a stronger economy. The reduction in caseloads should continue to accelerate with the expansion of the Jobs Plus program from six counties to statewide through the Oregon Option waiver from the federal government. While traditional welfare checks lock recipients into 75% of the federal poverty level, those in Jobs Plus who are moving into work with supportive assistance, such as health coverage and child care, should be above the federal poverty level. This drop in caseload does not necessarily mean, however, that former welfare recipients are out of poverty or are self-sufficient.

Attitudes about Engaged Communities

The most highly rated personal value in the Oregon Business Council's *Values and Beliefs Survey* was "participation in family." Respondents said that if they had more time, they would spend it with family. However, the *Values and Beliefs Survey* contained some disturbing findings about civic engagement. "Supporting your community" ranked ninth in importance out of ten personal values. From a list of 20 personal activities "attending public meetings" was 18th.

Only one in three said state government is looking out for the people's best interests.

The percentage of Oregonians who vote is above the national average, but consistent with the national pattern there is relatively little confidence in our elected officials. A 1996 study by Oregon State University Professor Robert Sahr found that only 5% of those surveyed had a great deal of confidence in the Oregon Legislature while 40% had hardly any confidence. In each of the last four years, he found that only one in three said state government is looking out for the people's best interests.

A growing sense of uncertainty and fear underlies the loss of trust throughout the nation during this period of social and economic transformation. Issues are more complex today but the debate is increasingly divisive and single issue-oriented. As a result the number of measures on the ballot has grown and narrow special interests have assumed greater control of the initiative process at the state level.

Fred Miller, Senior Vice President for Public Affairs and Corporate Services at Portland General Electric, and a former state official, reflected upon these issues last year. In a working paper prepared for the Oregon Fiscal

Choices Project, Mr. Miller discussed the obligation that comes with living in a democracy to participate constructively in the debate and problem-solving of public issues. He recommended greater civic engagement on focused issues with tangible outcomes.

We need to prove to ourselves that constructive participation makes a difference. That's easier to do when we tackle issues at the community level, issues that reflect concrete problems rather than intangible fears.

Thankfully, Oregon has a critical mass of citizens engaged in community affairs. This state prides itself on its large number of citizen commissions and boards with active members working to improve community support throughout the state.

As an example of the level of citizen involvement, more than 400 business and

Thankfully, Oregon has a critical mass of citizens engaged in community affairs.

community leaders attended the Oregon Shines Task Force regional meetings. Hundreds of others participated in the development of the Oregon Transportation Initiative and in the planning for local initiatives to address social service needs. Each county has a Commission on Children and Families and a Local Public Safety Coordinating Council. The Task Force believes that these and other local groups can come together to identify important community concerns and mobilize around effective ways to address basic family needs and create opportunities through economic development and education so there will be better lives for Oregonians in communities throughout the state.

HOW WILL WE GET THERE?

Most indicators of Oregon's social health are better than the national averages. Our communities offer a range of social support to families in need and we take pride in our

above-average levels of civic engagement. Also, the Benchmarks and many related existing state and local initiatives provide an organizing framework for an outcomes-based approach to safe, caring, engaged communities.

As a result, Oregon is poised to be a national leader in addressing social concerns. The Task Force recommends a two-part strategy to strengthen communities and families: 1) minimize preventable social costs and 2) build strong communities that support families and help restore hope.

A Leader In Minimizing Preventable Social Costs

Communities and families have always experienced stress. Unfortunately, over the last three or four decades the stress on families has increased, but fewer community resources are available to support those in need. At the national level, divorce rates have more than doubled, drug prosecutions have tripled, and the reported incidence of spousal and child abuse has skyrocketed. Despite its above average ranking on many social indicators, Oregon is not immune to these trends.

As economic changes leave more families behind, individuals lose hope and become increasingly isolated. Because community resources to address these growing needs are limited, an emphasis on prevention is even more important. The human, social and financial costs of waiting until situations become critical are simply too high.

Prevention strategies have three components: identification of at-risk persons, early intervention, and outcomes assessment. Oregon state government has many programs already oriented toward prevention. For instance, the Oregon Office of Alcohol and Drug Abuse Programs has a well developed risk and protective factor assessment program.

Two important components that could be added to Oregon's current prevention strategies are encouraging more adult involvement with children, preferably by parents, and develop-

ment of local, outcome oriented partnerships to address the root causes of social problems.

- ✓ 2.1 — All aspects of society will encourage responsible parenting and adult mentoring of children.
- ✓ 2.2 — Oregon will be a leader in developing state/local partnerships that address root causes of social problems.

Prevention strategies are particularly important in three areas: preventing crime, reducing abuse, and promoting wellness and independence. In each area, the proper prevention strategies would provide significant benefits to Oregon. Also, Oregonians care deeply about each of these issues.

Preventing Crime

Research has shown that providing a range of prevention and early intervention strategies is the most cost-effective means of preventing crime. For example, a recent study by the Rand Corporation describes four cost-effective alternatives to building and operating more prisons: 1) early childhood interventions for children at risk, 2) interventions for families with children acting out, 3) school-based interventions, and 4) interventions for troublesome youth early in delinquency.

At the early end of the age continuum, the first two intervention strategies encourage healthy families, so pre-school children learn to respect others and to deal constructively with anger. Early childhood intervention programs, like Healthy Start, which often reach at-risk mothers even before the child is born, have been shown to reduce crime over the long term and the incidence of child abuse in the short term.

University of Oregon Professor Hill Walker's First Steps program is an example of the second category of interventions. The program involves working with the teacher and the child's classmates at school, while helping the parents develop good parenting skills at

home. Programs, like First Steps, have been shown to be cost-effective if initiated before an at-risk child completes the third grade.

The key to successful short-term prevention of criminal behavior (categories 3 and 4) seems to be intervening with at-risk older youth who are in the early stages of acting out. School-based interventions try to prevent children from dropping out. The fourth approach creates healthy communities where young people have constructive outlets for their energy and adults to serve as effective role models and mentors.

Programs are needed that focus on healthy starts and critical values in the first years of a child's life and that intervene when children or adolescents display anti-social behavior. While the first five to seven years are the most important, many things can go wrong later in life. Therefore, resources need to be used for intervention when children run away, join a gang, are out-of-control, or display other anti-social tendencies in adolescence.

- ✓ 2.3 — Oregon will prevent crime by emphasizing cost-effective prevention programs that avoid future incarceration costs.

Reducing Abuse

One indicator of an advanced society is how well it protects those who are least able to protect themselves. Abusers are often individuals who have grown up in abusive homes and/or have themselves been victims of abuse. As a result, the problem escalates when one abused person abuses several other vulnerable individuals. This is a serious problem that is tearing the social fabric of the nation because abuse is linked to several other forms of social pathology. Therefore, Oregon must find ways to break the cycle of abuse through better education, targeting of at-risk individuals, and swift intervention.

- ✓ 2.4 — Oregon will be a leader in reducing abuse and protecting vulnerable individuals.

Promoting Wellness and Independence

One national study based largely upon 1993-94 data ranked Oregon 22nd on a composite of various health indicators. Oregon was better than the national average on many of the most important indicators, such as healthy birth outcomes. However, hundreds of thousands of Oregonians still do not have affordable access to health care. The Task Force believes that health care costs can be minimized by increasing access to health care so that some avoidable illnesses can be prevented and other costs can be limited by early intervention.

- ✓ 2.5 — More Oregonians will be healthy and self-sufficient.

A Leader In Building Strong Communities That Support Families and Help Restore Hope

With more stress today, all families will need support from their communities at some point. Therefore, strong communities are essential to restoring hope to families in need. Recommended overall strategies for building strong communities include learning from successful communities, increasing cost-effectiveness through local control, and improving understanding through research.

Learning from Successful Communities

The National Civic League's "All-American Cities" have several elements in common, which suggest the following strategy for strengthening communities:

- strive for increased awareness of the social changes that have occurred over the past 50 years and attempt to rebuild hope by creating opportunities for success,
- build strong community leadership throughout the state,
- empower communities to identify local needs and mobilize effectively to address them,

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- create opportunities through economic development projects that generate jobs and education and training programs that prepare members of the community for work,
- assess progress, celebrate accomplishments, and make adjustments.

Successful projects have leaders who have identified important community needs and have increased the level of awareness of them. Often these are basic needs for food, shelter, and safety. By adopting particular “bite-size” projects, the community is able to demonstrate tangible accomplishments within six months, not only helping those affected to regain control of their lives, but also reinforcing those involved for the success of their collective efforts.

Although there has been a national decline in social trust over the last four decades in America, the level of civic engagement in Oregon is still above the national average. That reservoir of good will and genuine concern should be channeled into constructive processes that strengthen communities throughout the state.

- ✓ 2.6 — More Oregonians will be actively engaged in strengthening their communities.

Increasing Cost Effectiveness through Local Control

Churches, social service groups, and other non-profit organizations have always been important to the fabric of the community. Unfortunately, there is a growing gap between the level of services available in the community and the increasing needs of families. The task force believes that at least a portion of that gap can be closed by encouraging innovation at local levels and decentralizing decision making to those who are closest to their clients.

Adopting this approach will shift the work of the public sector. Rather than counting the number of clients served, the focus will be on

the actual outcomes achieved. For this outcomes-based approach to be successful all potential partners — federal, state, local, public, business and private non-profit — must be mobilized around achieving the desired result. The Oregon State Department of Human Resources has taken the lead in implementing the switch from counting clients to outcomes and assessment. Several of its agencies have already adopted this approach with promising results.

If the primary focus is shifted from the number of clients served to financial incentives for achieving measurable outcomes and from state agency directives to innovative partnerships at the local level, then the task force believes communities will develop programs and services that are most appropriate to their particular circumstances.

Tillamook County has shown this approach to be effective in reducing teen pregnancy. In a four-year period, the county's teen pregnancy rate dropped from among the highest (25 per thousand) to the lowest (seven per thousand). No single program was responsible for this reduction. Instead many different programs all targeted at the same outcome combined to produce the desired result. But when the community became complacent the rate went up again.

Another example of this approach is the JOBS program, which has helped thousands of Oregonians move from welfare to work. The Jobs Plus program should further expand work opportunities. As this work-attachment approach spreads, it should be possible to limit taxpayer spending on prisons, welfare and other social services so that more can be invested in education and infrastructure as required for achieving the goal of Quality Jobs for All Oregonians.

Improving Understanding Through Research

To make the best use of limited public funds, State and local agencies should make

public policy choices based upon research that develops a better understanding of the tradeoffs among policy alternatives. Such policy research might address, for example, the following questions: What is really causing a Benchmark to move in the wrong direction? Who is responsible for improving performance on a Benchmark? Is the Benchmark for a comparable county or state better, and if so, why? What are the policy alternatives? How much of an impact on the Benchmark could be expected from an emphasis on the various policy alternatives, or a combination of approaches?

HOW WILL WE MONITOR PROGRESS?

Minimize Preventable Social Costs

Public Safety and Social Support Benchmarks are the best indicators of success in this area.

The key Benchmarks for Goal 2.1 regarding responsible parenting and adult mentoring of children are:

- #22 — High school dropout rate.
- #53 — Eighth grade use of alcohol, illicit drugs and cigarettes.

An additional Benchmark that will be monitored is court ordered child support payments to families.

The key Benchmark for Goal 2.2 regarding the development of state/local partnerships that address root causes of social problems is:

- #57 — Percentage of Oregonians with incomes below the federal poverty level.

Additional Benchmarks that will be monitored include: teen pregnancy; affordable housing; homelessness.

Preventing Crime

The key Benchmark for Goal 2.3 regarding crime prevention is:

- #64 — Overall reported crime per 1,000 Oregonians.

Additional Benchmarks that will be monitored include: juvenile arrests; student weapon carrying; paroled offenders with new convictions; cooperative policing agreements.

Reducing Abuse

The key Benchmark for Goal 2.4 regarding prevention of abuse is:

- #54 — Reported rate of child abuse per 1,000 children.

An additional Benchmark that will be monitored is elder abuse.

Promoting Wellness and Independence

The key Benchmark for Goal 2.5 regarding health and self-sufficiency is:

- #58 — Percentage of Oregonians without health insurance.

Additional Benchmarks that will be monitored include: health status; premature mortality; infant mortality; adult smoking; asymptomatic HIV cases; prenatal care; child care availability/affordability; pregnant mothers using alcohol/tobacco; disabled citizens in poverty; disabled citizens that work; immunization; seniors living independently.

Building Strong Communities

Civic Engagement Benchmarks are the best indicators of success in this area.

Learning from Successful Communities

The key Benchmark for Goal 2.6 regarding strengthening communities is:

- #33 — Percentage of Oregonians who volunteer.

Additional Benchmarks that will be monitored include: voter participation; percentage of Oregonians who feel a part of their community; percentage Oregonians who understand tax system; state and local taxes per \$1,000 personal income; state & local taxes per capita; arts funding per capita; public library service; county-level emergency preparedness.

Chapter 8

Healthy, Sustainable Surroundings

OVERVIEW

Maintaining the *Oregon Shines* goal of healthy, sustainable surroundings will be a challenge in the years to come. Even though Oregon has been growing at approximately the same rate for the last 50 years, population pressures are causing concern among us that quality of life is threatened. At the same time Oregon's traditional relationship with its natural resource base of providing products, jobs, recreation and natural beauty is changing dramatically. While some policies are in place to address these problems, more must be done to transcend the current collision of interests. A clearer understanding of these conflicts is needed and a cooperative process to work toward consensus solutions must be developed.

WHERE ARE WE?

Population Growth and Environmental Capacity Limitations Are Causing Oregon to Change.

Meeting the *Oregon Shines* goal of maintaining healthy and sustainable surroundings will be a challenge in the years to come. Two primary forces are defining the terrain on which this challenge will be met — population growth and the limited capacity of the natural environment both in producing wealth and absorbing waste. Although neither of these phenomena is new, both continue to mold the future.

Population Growth

Oregon is growing at a consistently high rate. Between 1990 and 1995, the state gained about 270,000 new residents — more than enough people to populate two cities the size of Salem. Natural increase (births minus deaths) has accounted for about 30% of the increase; migration has accounted for the remaining 70%. The state's Office of Economic Analysis

indicates that this trend will continue indefinitely with a projected increase of an additional 16% in the next 10 years. This is nearly double the national average.

Of course, certain parts of the state are growing much faster than others. The Portland tri-county area absorbed 121,000 (45%) of the state's growth since 1990. The region is projected to grow by more than 200,000 over the next ten years. Oregon's counties east of the Cascade Range represented 13% of the state

Regardless of one's sentiments about the overall value of growth, there is little question that it will change the face of Oregon.

total population in 1980 and they are projected to maintain this share through the year 2010.

Regardless of one's sentiments about the overall value of growth, there is little question that it will change the face of Oregon. While this rapid growth fuels the economy, it also strains the built and natural systems that support communities. Some of the amenities that tend to be at risk in growing communities include mobility, public facilities, open space, and environmental quality.

MOBILITY

Auto travel in the state of Oregon is growing rapidly. Between the years of 1970 and 1990, auto travel in the state nearly doubled. As the analysis in Chapter 4 describes, congestion has gotten much worse in recent years. In 1990, Oregonians spent roughly 15 million hours a year stuck in traffic. Since then metropolitan areas have experienced a 30% increase in the miles of limited-access highways that are congested during peak travel times.

Because drivers are tending to drive more miles every year, future growth, if not managed properly, could cause even larger increases in traffic congestion. Some scenarios show total

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vehicle miles traveled increasing twice as fast as population growth in coming years. Such a high rate of increase will overwhelm the already strained Oregon transportation system.

PUBLIC FACILITIES

Increasing populations will tax more than Oregon's roads. Sewers, waste disposal facilities, parks, libraries, schools, and even prisons could also be overburdened. While the state's newest citizens will likely bring valuable resources for expanding these public works, significant lags exist in the time it takes to plan

Many experts assert that Oregon's public infrastructure is already suffering from population growth and age.

for and build new facilities. In the meantime, the current infrastructure is burdened with populations it was not designed to accommodate and with inadequate funds for repair and expansion. Indeed, many experts assert that Oregon's public infrastructure is already suffering from population growth and age.

OPEN SPACE

For 25 years Oregon's legendary land use management system has reined in some of the effects of population increases, keeping much urban growth within boundaries and protecting farm and forest lands from development. While not without its critics, this system has been a significant factor in protecting valuable farmland and other open space.

With the Willamette Valley expected to add the population equivalent of four cities the size of Eugene by 2010, pressure to alter this system will undoubtedly increase in the future. Indeed, the land-use management system is already undergoing population-induced change. For example:

- In the 1995 Oregon Legislature alone, more than 70 bills were introduced to revamp parts of the land-use laws, from easing farm

and forest land protections to dropping public participation rights.

- In 1993, one out of ten new homes in Oregon was built in a farm or forest zone.
- Many developing cities are falling far short of density goals. For instance, despite Bend's plans for an average of six homes per acre of land, single family subdivisions developed between 1985 and 1989 averaged just over two homes per acre. New single-family housing developments in Brookings, Medford and the Portland metropolitan area were also well below planned densities.

At the same time, pressure is mounting in slower-growing parts of the state to make the land use planning law more flexible to encourage growth in those areas.

ENVIRONMENTAL QUALITY

Oregon will grow in the years ahead. Typically, more population means more waste. More dwellings mean more runoff into streams and ponds. More people drive more cars and the power plants that serve their energy needs generate more pollution. If left unchecked, increased air and water pollution could threaten the good environmental record Oregon is so justly proud of. The effects this population growth has on quality of life will depend upon its geographic distribution, the investments that are made in infrastructure, and the extent to which growth is planned for and managed.

Environmental Capacity Limitations

Historically, Oregonians have counted on their natural surroundings to provide them

Oregon is richly endowed with natural amenities that make it an important resource to the nation and world, not just to itself.

with a beautiful environment to live in as well as a strong economy and good jobs. Oregon is

richly endowed with natural amenities that make it an important resource to the nation and world, not just to itself. With this endowment comes a responsibility to provide goods that meet a portion of the world's needs — in proportion to Oregon's "gifts" — on a sustainable basis consistent with Oregon's values.

The changes in the state's supply of natural resources over the past decades are legend, as are the changes in public attitudes toward the environment. Long before the development of *Oregon Shines*, the seemingly unlimited supply of natural resources in Oregon began constricting due to a variety of limitations driven by a host of concerns.

These social and physical forces will not change in the near future. Both the reality and the perception of limitation will influence Oregon's economy and the health of its natural environment in the years to come. These limitations are evident in all three of Oregon's major natural resource-based economic sectors — Forestry, Agriculture and Fishing.

Forestry

Forests are important to Oregonians. They provided the economic basis for Oregon's growth during the first half of the century and fundamentally defined the state's character. They continue to play an economic role, while providing aesthetic and recreational values. Many Oregonians came to Oregon because of the employment, beauty and recreation that its forests provide. Native Americans have long

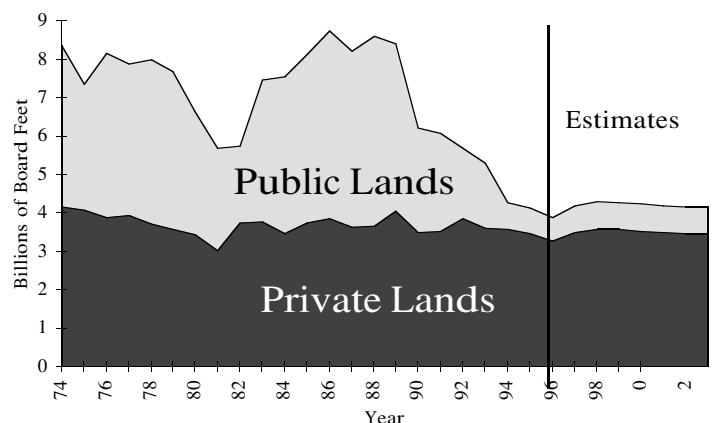
*Forests are important to Oregonians.
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considered inhabitants of the forest to be members of their community. Thus, it is not surprising that declining populations of old-growth and wildlife habitat have engendered

the most contentious debates of any public issue that the state has ever confronted.

These changes in Oregon's forests, together with changing attitudes regarding the intrinsic value of forests, have had a significant influence on Oregon's forest industries. Federal legislation intended to protect ecosystems has drastically reduced the supply of timber available to this industry. In 1995, a total of 4.3 billion board feet (bf) of timber was harvested from all public and private forests in the state — this constituted a 50% reduction from the 1988 harvest level of 8.6 billion bf. (See Figure 16.) Employment levels in the lumber and

Figure 16. Reduced Timber Harvests from Public Lands in Oregon.



wood product industries have tracked harvest rates through 1980. Between 1985 and 1995, employment in this sector dropped by 30%. The Oregon Department of Forestry (ODF) estimates that the land base available for commercial forestry has decreased by more than 24% since 1945.

There is no great job "recovery" in sight for Oregon's primary wood products industry. The ODF predicts that current low harvest levels will not increase in the future, and are likely to stabilize at near their current levels. Unless, that is, federal or state legislation directed at salmon habitat protection further limits the harvests.

The long term effects of this reduction in employment are hotly debated. A recent report endorsed by over 60 Northwest economists noted that Oregon's economy has been

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remarkably healthy and vibrant over the same decade that declines in the wood products industry were pronounced. They attribute much of the region's economic growth to the ability of its natural beauty to attract new business, and they suggest policies to preserve forests and attract high technology. Others call this analysis highly speculative, and argue that Oregon's rural economic health cannot be fixed with an influx of high tech jobs, but that an on-going policy of supporting forest-related employment is critical.

What seems clear is the fact that the future survival of our forests and the gifts they bring Oregonians will depend upon our ability as a people and as a government to be good stewards of the forest landscape. We must create opportunities to manage forests for multiple benefits including increasing biodiversity, ecological integrity, and future economic returns.

AGRICULTURE

Three limits to environmental capacity affect Oregon's \$3.4 billion dollar agricultural industry. These are: 1) limits on the availability of fertile land; 2) limited water supplies; and 3) the limited capacity of aquifers, rivers and streams to absorb residues of agricultural chemicals.

Land

As mentioned above, urban areas have been pushing against agricultural boundaries in the

The limited availability of land on which to develop and the love affair urban dwellers have with "country life" have contributed to a reduction in Oregon's arable land.

last decade. The limited availability of land on which to develop and the love affair urban dwellers have with "country life" have contributed to a reduction in Oregon's arable land. Since 1987, 4,800 acres of farm land were lost to expanding urban growth boundaries.

Thousands more acres of farmland are threatened as the 20-year reserves of vacant land within these boundaries (established 15-20 years ago) are depleted. Given that six of Oregon's eight leading agricultural counties are within an hour's drive of fast-growing Portland and Eugene, the trade-off between farm and urban development will only become more acute in the years to come.

Water

The Oregon Department of Agricultural has said water availability is perhaps the biggest issue facing Oregon agriculture. Commodities produced on irrigated land represented 90% of the total value of harvested crops in Oregon. Yet, water available to farmers is not nearly as abundant as one might expect. Only 15% of the state's total supply of water is found in the vast farm lands east of the Cascades. In fact, many of these counties have no water to distribute to new uses of any sort. In the upper Deschutes basin, for instance, water rights have been fully appropriated since 1913. In the Umatilla basin, existing water rights exceed available water from June through October in most years. In the John Day basin, only 4% of annual water discharges flow during the agriculturally critical months of July to September. Given the increasing pressure to protect habitat for aquatic wildlife, and the pivotal role agriculture plays in the state's economy, water availability issues will likely become increasingly high profile in the years to come.

Agricultural Pollution and Water Quality

One of the biggest challenges facing the agricultural community is the control and prevention of agricultural pollution. Common

Agriculture is aware it will have to continue to work on finding and implementing innovative solutions in order to prevent its activities from causing environmental degradation.

examples are nitrogen and phosphorus from animal waste and commercial fertilizer, in addition to erosion sediments. The industry is currently participating in a number of voluntary and regulatory programs designed to improve water quality and watershed health. Agriculture is aware it will have to continue to work on finding and implementing innovative solutions in order to prevent its activities from causing environmental degradation. As water pollution prevention and control regulation shifts its emphasis from industrial point sources to non-point sources, scrutiny of agricultural practices will continue to increase.

FISHING

Fish have played an important role in the development of Oregon as we know it today. With the state's vast network of waterways, this comes as no surprise. Inhabitants of Oregon have caught, eaten, made profits from, and even worshipped the state's fish. When European-Americans settled in Oregon in the 1800s, they assumed the state's stock of fish was inexhaustible. Later, when the need for some sort of management became obvious, it came as hatcheries, which were expected to produce an abundance of salmon. After years of damming rivers, over-harvesting, destroying spawning grounds, and depleting water supply, Oregon is facing a new reality — the extreme depletion of fish stocks.

As an Oregon Business Council report on salmon noted, "The natural productivity of Pacific salmon in the Northwest has declined by about 80%. Several populations have gone extinct, and in Oregon some coastal stocks are 10% or less of their historic abundance. Salmon management is in a crisis, which will rapidly deepen if more of the depleted salmon stocks are listed under the federal Endangered Species List." This depletion not only reflects natural limits to fishing, but also limits to the state's water supply.

The steady depletion of salmon stock has given rise to a good deal of public legislation and debate — from the Scenic Waterways Act

to the Northwest Power Planning Act to attempts to limit fishing, increase stream flows, and control farming practices around sensitive spawning grounds. Despite this legislation, no end is in sight. Salmon populations keep dropping. The current approach to salmon recovery is not without its critics. Some scientists contend adverse ocean conditions are the major contributor to the drastic decline in some salmon runs.

The challenge in the years ahead will be to overcome the animosity created by years of public efforts to harvest, manage, and save salmon.

The challenge in the years ahead will be to overcome the animosity created by years of public efforts to harvest, manage, and save salmon. Oregonians must keep working to solve this problem and move beyond an adversarial atmosphere of decision making. Policies and programs on salmon management must be based on a common commitment to responsible stewardship. The Oregon Business Council has begun this process by calling for a new and innovative approach to solving salmon issues. They recognize the need to balance the demands of the natural and the industrial economies.

GLOBAL CONCERNS

For the first time in history, human activity is causing global atmospheric conditions to change. Recent studies revealed that in the summer of 1996 the earth's protective ozone layer sustained a hole, greater in size than

Oregon businesses would be well advised to plan around the assumption that CO₂ emissions will be controlled in the future.

North America, for the longest amount of time on record. Similarly, awareness of the potential for global climate change, associated primarily with carbon dioxide (CO₂) emissions, is making

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headlines worldwide. As global concern regarding these issues mounts, so do the possible repercussions for Oregon.

For instance, regulatory controls over CO₂ emissions to meet global reduction targets are a distinct possibility. As such, Oregon businesses (particularly those in the energy industry) would be well advised to plan around the assumption that these emissions will be controlled in the future. Indeed, Oregon just broke new ground in the U.S. by requiring those who wish to build new power facilities to meet certain CO₂ emission standards.

Vision For Oregon: Surroundings — Oregon will balance the demands of a vital economy with demands inherent to healthy ecosystems.

WHERE DO WE WANT TO BE?

Oregonians care about having healthy, sustainable surroundings. When asked “What do you personally value about living in Oregon?” in the Oregon Business Council’s *Values and Beliefs Survey*, the most common response by far was “natural beauty and

Market research indicates Oregonians are more likely than most Americans to enjoy outdoor activities.

recreation.” Market research indicates Oregonians are more likely than most Americans to enjoy outdoor activities, reflecting the priority they place on recreation and protecting the environment.

Even though the environment Benchmarks described in Chapter 4 suggest Oregon has generally done a good job protecting the natural environment, many Oregonians are still concerned. For example, approximately six out of ten respondents to the recent Portland General Electric poll (described earlier) said they were worried about “preservation of open

spaces” and about “salmon preservation.” Two-thirds of those in the Portland metropolitan area were worried about air quality. The *Statesman Journal* newspaper’s recent series, “Paradise Lost? Searching for Tom McCall’s Oregon,” describes a deteriorating physical environment, weakened environmental protections and a concerned and critical citizenry.

The top five concerns Oregonians described in the 1993 Oregon Business Council survey were related to the effects of growth.

Recent polls also suggest Oregonians are particularly concerned about the effects of population growth. The top five concerns Oregonians described in the 1993 Oregon Business Council survey were related to the effects of growth. Similarly, the PGE survey found 45% of its respondents thought growth had not been good for the state. And almost 90% of all respondents in the Portland area indicated they were worried about traffic congestion. Half said the transportation system was inadequate now, and two-thirds believed it would be inadequate in five years.

Participants in the Governor’s Oregon Shines Task Force regional meetings also placed a high value on maintaining the high quality of our surroundings. The majority recommended establishing a separate goal for the updated *Oregon Shines* focusing exclusively on this area.

Over the years, Oregonians have supported mass transit as an option for fighting congestion and improving air quality. Similarly, the majority of Oregonians support the concept of higher density development. What is less clear, today, is what Oregonians are willing to do to achieve the kind of surroundings they care about.

For instance, while concerns about congestion are very high, the vast majority of Oregonians (83%) still use their personal vehicles to commute to work. Similarly, a

recent transportation improvement initiative that would have funded a new light rail line in the Portland metro area was voted down in a statewide vote, despite majority approval in the affected area.

Oregonians are also very concerned about salmon, but also rejected a measure in the same election that would have required ranchers and farmers to restrict cattle from degraded streams in order to improve water quality.

In both instances, opponents argued strongly that these initiatives were bad public policy and unnecessarily costly. But the question remains, where do Oregonians want to be?

HOW WILL WE GET THERE?

Oregon is in the midst of an unresolved debate on how to maintain its surroundings so they remain healthy and can be sustained into the future. Recommendations in this area are directed at helping to delineate those choices and setting up better systems for avoiding and resolving conflicts.

Oregon cannot effectively reduce population growth without harming the state's economy in a way that would also negatively affect Oregonians. Many believe former

*Oregonians have choices about the way
Oregon grows.*

Governor Tom McCall's admonition to potential visitors to Oregon, "Come visit, but please don't stay," made the state even more attractive. Oregon can attempt to redistribute and guide growth using existing frameworks, but they need to be strengthened and supported.

- ✓ 3.1 — Oregon will support thoughtful growth management strategies that make sense to Oregonians.

Oregonians have choices about the way Oregon grows. In urban/suburban areas, new development can either be spread-out, auto-dependent, and single-use oriented or it can be

compact, with mixed-use development patterns, that reuses existing resources and supports pedestrian, bicycle and public transit travel.

The benefits of compact development seem obvious. It means less expensive public service costs for new households; cleaner air (based on fewer commutes) and water; less time spent in commuting, more time spent in one's own community; and less pressure to convert productive agricultural lands to accommodate growth needs.

The public sector can take two fundamental steps to promote thoughtful, well-planned and affordable growth.

- It can encourage and provide for cooperative networks of public and private representatives to plan for and promote community livability.
- It can provide incentives to the private sector and individuals to encourage higher-density growth.

Momentum has already developed for building cooperative networks at the state level. The Transportation Planning Rule, developed jointly by the Transportation Commission and the Land Conservation and Development Commission, encourages communities to link land use and transportation in their planning efforts. The joint Transportation and Growth Management Program (Oregon Department of Transportation and Department of Land Conservation and Development) makes grants and technical assistance available to local government to bring land use planning and transportation planning together in their communities. Each month, the Governor's "Community Solutions Team," consisting of directors of the state departments of transportation, economic development, land conservation and development, environmental quality and housing, meet to coordinate their approaches to growth management.

A number of regional level governments are also working to connect growth issues. Portland Metro has involved the whole Portland metropolitan region in developing its

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“Region 2040” study, which lays out a vision for how the region will grow over the next fifty years. Eugene, Springfield and Lane County have coordinated their planning efforts for decades. And, counties throughout the state are working to coordinate the planning efforts of individual communities.

The state has also made headway in providing incentives for high-density growth. Since 1992, for instance, local governments have been required to change their plans to, among other things, call for a 10% reduction in vehicle miles traveled and parking to comply with state mandates to guide growth around

The private sector can also play an important role in ensuring that Oregon grows in a healthy, sustainable manner.

transit. In Portland, strict limits have been placed on the amount of commuter parking that can be built. Downtown office building have tight parking maximums, but no minimums. The closer a building is to light rail or the transit mall, the less parking it is allowed to build.

The private sector can also play an important role in ensuring that Oregon grows in a healthy, sustainable manner. One major area is in siting decisions. Instead of siting new facilities on rural land, or “greenfields”, they could develop on “brownfields”. Brownfields are abandoned, idled, or under-used industrial and commercial facilities. Development of these sites can not only be economical for a business, but the housing and transportation patterns of the site’s employees will be oriented towards the city centers where these sites tend to be. Although expansion or redevelopment on these sites can be complicated by real or perceived environmental contamination, there are efforts underway by the U.S. Environmental Protection Agency (EPA) to eliminate these obstacles.

The EPA is currently supporting, with grants and information, the development of

over 75 brownfield pilot projects throughout the U.S. In St. Louis, for example, EPA is supporting a pilot project that will develop a sustainable secondary materials manufacturing district on a former Alcoa Aluminum site located in a predominantly minority area.

When businesses do develop on new ground, they can dampen the negative growth effects by working with local government to support dense development near their new site. A new silicon chip fabrication plant being built in Hillsboro provides a good example of how this might be done. The \$2.2 billion Intel plant is to be sited just north of a new light rail station. The regional transit authority, the City of Hillsboro and development firm are working together to develop the land between the new site and the station. Their vision is to create a community with a pedestrian oriented spine between Intel and the station, lined by parks, high density residential areas, and neighborhood commercial areas.

In less populous areas that are not facing growth pressures, sensible growth can be encouraged, as well. In economically-depressed areas of the state that wish to encourage additional growth, land use laws should provide additional flexibility. This concern was very strongly stated to members of the Task Force during their meetings in eastern Oregon.

State government can also use its resources to encourage development in these areas whenever possible. The Task Force observes that the Economic Development Department, for instance, directs development toward communities that have expressed a desire for new economic development opportunities whenever possible.

- ✓ 3.2 — Oregon will have a progressive system for settling resource management issues with facilitated dialogue being the preferred method for arbitrating natural resource disputes.

Both the reality and the perception of limitation can be expected to influence

Oregon's economy and the health of its natural environment in the years to come. What can improve, however, is the way Oregon's citizens address the problems inherent to limitation.

In the environmental area, the strongest conclusion emerging from the Task Force regional meetings was a recognition of the need for communication and collaboration — collaboration among communities; collaboration throughout regions; collaboration between

Oregon offers an ideal environment for solving the conflicts that tend to accompany resource scarcity.

communities and state government; collaboration among state agencies, local governments, neighborhoods and individuals.

The good news is that Oregon offers an ideal environment for solving the conflicts that tend to accompany resource scarcity. There is, among all interests, a common appreciation for the state's physical beauty, its rural towns, and for rural economic health. Furthermore, Oregon has a history of, and takes pride in, meeting difficult problems with creative solutions (such as the Oregon Health Plan). Finally, the state houses a number of encouraging examples of business, government and non-profits coming together to solve problems effectively.

State and local governments, working with private business, should facilitate a new vision of the role the natural resource sector will play in the next century. This clear vision has been lacking on many of the natural resource decisions made in the past. An excellent model is the Oregon Business Council's vision for salmon, which states "we must shift the way we think about (natural resource) management and restoration," and recognize "the natural and industrial economies should be viewed as two anchors or parts of the foundation supporting our modern economy."

The public sector can also expand efforts at integrated and adaptive resource management

at all levels. Integrated management, means managing on an ecosystem level that coordinates the involvement of all relevant state and federal agencies. It also includes the active support and participation of local governments and the human communities affected by natural resource decisions. Adaptive management recognizes that mistakes will be made when managing complex ecosystems and creates systems for learning from those mistakes. A current example of how these two concepts work is in the Applegate Adaptive Management Area (AMA).

State and local governments, working with private business, should facilitate a new vision of the role the natural resource sector will play in the next century.

Located in the Applegate Watershed (a Rogue River sub-basin) in southwestern Oregon and northern California, the Applegate AMA's goal is "to develop and test variations on established management practices including partial cutting, prescribed burning, and low-impact approaches to forest harvest (e.g., aerial systems) so as to provide for a broad range of forest values, including late-successional forest and high quality riparian habitat." The watershed is guided by the "Applegate Partnership", which includes representatives of each of the Federal offices involved, states, and representatives from environmental groups, industry, farming, ranching, colleges, and local residents. So far, members of this group have produced a community needs assessment, an aquatic resources inventory, and a forest health assessment. Plans are in the making for an economic and institutional barriers analysis in collaboration with Southern Oregon State College.

With the cooperation of government, business interests can proactively respond to natural resource limitations by voluntarily taking actions preventing resource depletion

and pollution. Farm communities in Oregon recently took this approach in responding to growing criticism about pesticide runoff. They proposed and passed, among themselves, a program for pollution control. According to the Salem Statesman Journal newspaper the voluntary program will go into effect in 1998. It calls for farmers to better control soil erosion, install riparian buffers, and be cautious about using pesticides and choosing grazing sites.

Businesses can also adjust their production plans to accommodate future resource limitations. Examples include paper companies who have changed their output to include a much greater use of recycled stock and forest product companies who make more efficient use of existing lumber stock. In some rural communities populated by small businesses, proprietors have joined together to develop "flexible manufacturing networks." These are groups of firms banding together to carry out some new activity individual members would find difficult to pursue alone.

- ✓ 3.3 — State government will support rural communities in efforts to solve natural resource dilemmas at the local level.

As with the population growth discussed earlier, rural communities need help in resolving natural resource issues affecting their communities. Many of the natural resource issues, however, relate to federal restrictions. The state should utilize the special relationship it has with the federal government through the "Oregon Option" wherever possible to lessen federal restrictions in return for favorable outcomes.

HOW WILL WE MONITOR PROGRESS?

Population Growth

Community Development Benchmarks are the best indicators of success in this area.

The key Benchmarks for Goal 3.1 regarding growth management are:

- #70 — Percentage of miles of limited-access highways in Oregon urban areas that are congested during peak hours.
- #85 — Percentage of agricultural land in 1970 still preserved for agricultural use.
- #86 — Percentage of forest land in 1970 still preserved for forest use.
- #81 — Percentage of wetlands in 1990 still preserved as wetlands.

Additional Benchmarks that will be monitored include: parks per capita; drinking water; single-occupancy vehicle commuting; public management quality rating; general obligation bond rating; sewage disposal; vehicle miles traveled; home ownership.

Environmental Capacity Limitations

Environment Benchmarks are the best indicators of success in this area.

The key Benchmarks for Goal 3.2 regarding growth management are:

- #79 — Percentage of Oregonians living where the air meets government standards.
- #89 — Percentage of wild salmon and steelhead populations in key sub-basins that are at target levels.

Additional Benchmarks that will be monitored include: hazardous waste; stream quality; instream flow; native fish and wildlife; native plant species; carbon dioxide emissions; groundwater; solid waste.

Chapter 9

Support Initiatives

The Oregon Shines Task Force recommends several initiatives to support Oregon's effort to strengthen the circle of prosperity described in Chapter 3. The first three initiatives — Institutional Partnerships, Public Facilities and Services, and Cost of Doing Business — were identified by the original drafters of *Oregon Shines* and reaffirmed by the 1996 Task Force. Two others — Focus on Prevention, and Government Accountability — are newly added. It should be the special responsibility of the Oregon Progress Board to encourage implementation of these initiatives.

SUPPORT INITIATIVE 1: BUILD INSTITUTIONAL PARTNERSHIPS

There is no longer any question whether advanced economies derive a competitive economic advantage from their institutional partnerships. Where business, labor, government, and education work cooperatively to achieve shared goals, productive energies are magnified and fewer opportunities are squandered. The result is greater economic competitiveness.

To compete globally, Oregonians must work together. Cooperation must be real and it must produce results. Important partnerships are evolving in Oregon today; however, they are not yet developed to the degree needed to achieve Oregon's strategic agenda. Generating more high wage jobs, for example, requires unprecedented cooperation among the state's schools, business, labor, and economic development institutions. Creating safe, caring and engaged communities requires cooperation among police, schools, social service providers, churches, and other non-profit organizations. Finally, ensuring protection of Oregon's natural environment requires partnerships among environmental groups, natural resource industries, growth management agencies, and private and public landowners.

To build a prosperous economic future, a culture of cooperation is needed.

To build a prosperous economic future, a culture of cooperation is needed. The partnerships that will make Oregon work for everyone must link up the state's basic institutions: public sector, private sector, non-profit organizations (advocacy groups, citizen organizations, charities and civic organizations).

In order to make these partnerships more effective:

- ✓ 4.1 — State government will encourage and foster an outcome-based system with local governments and community groups that encourages innovation.

The Oregon Option, described in Chapter 4, rewards Oregon for achieving results that outperform the national average. A similar arrangement could be developed with cities and counties to reward those that out-perform the state average on results-oriented programs that contribute to achieving the Benchmarks. Expanding the Oregon Option model will be critical to maintaining an effective level of local control in the post-Measure 47 fiscal environment.

- ✓ 4.2 — State government will reorganize the current patchwork of regional structures for delivering services and administering programs at the local level.

Institutional partnerships cannot work without some basis for cooperation. Today, Oregon has many different regional structures for administering the many different state-level programs. The Task Force applauds the Regional Strategies Board and the Workforce Quality Councils for attempting to make their different regional structures more compatible, but more work is needed.

SUPPORT INITIATIVE 2: INVEST IN PUBLIC FACILITIES AND SERVICES

Public infrastructure includes many different assets — roads, sewers, waste disposal facilities, water systems, ports and airports, parks, buildings, schools and in some cases electric services. There are growing indications that the state and local government infrastructure is deteriorating, and that state and local government may not be making the investments needed to maintain and expand public facilities. In Oregon's rapidly-growing communities, tax revenues and fees collected may not be sufficient to finance the infrastructure and public services required by growth. At the same time, public investment has shifted toward prison construction and operation, and away from higher education. While lower taxes have undoubtedly helped Oregon's economy, many believe underinvestment in education and other infrastructure is a serious problem. Examples of this decline are described in Chapter 5 of this report.

The quality of Oregon's public facilities and services has an impact on job growth, the health of communities and the natural environment.

The quality of Oregon's public facilities and services has an impact on job growth, the health of communities and the natural environment. At the most basic level, when a business starts a new facility or expands an existing one, it needs access to skilled workers, roads, water, sewage, and other utility services. Healthy communities require quality schools, well-maintained and uncongested roads, and reliable emergency services. A quality natural environment requires appropriate sewers and waste disposal facilities, parks and open space, and effective growth management planning.

In order to assure an adequate infrastructure to meet future needs:

- ✓ 4.3 — Oregon will develop a comprehensive strategy for providing needed public services and building and maintaining infrastructure.

Oregon has not developed a comprehensive strategy for ensuring that an adequate infrastructure is maintained, including a process for setting priorities among critical needs, and developing a tax and user fee structure that will smoothly finance needed improvements. The Oregon Transportation Initiative, when complete, will go a long way toward identifying those needs for the state's major infrastructure problem — highways — but there are others. The first part of this strategy should be development of a good database describing the different aspects of infrastructure needs, and current and future funding projections.

SUPPORT INITIATIVE 3: CONTAIN COSTS OF BUSINESS

Oregon's businesses compete in a national and international economy. State programs and policies can substantially affect the competitiveness of industries. Oregon has cut business costs significantly in a number of areas including: workers' compensation rates, unemployment insurance and energy rates. These are discussed in detail in Chapter 5 of this report.

In order to continue containing the costs of doing business:

- ✓ 4.4 — State and local governments will continue to reduce the cost of doing business in Oregon by streamlining regulations and consolidating reporting requirements, wherever possible.

SUPPORT INITIATIVE 4: FOCUS ON PREVENTION

Many social costs can be reduced significantly by focusing on prevention. However, when reduced tax revenue forces Oregon's

leaders to cut budgets, the focus is often on the short-term remediation of existing problems. Oregon's leaders must prioritize the use of limited resources to areas with the biggest payoff (even if the payoff is in the distant future).

Prevention begins at the earliest stages of life. For example, the Institute of Medicine and the American Academy of Pediatrics both estimate that each dollar spent on prenatal care saves from two to ten dollars in high-technology care for low-birthweight babies. Children from high-risk families must receive preventive attention early to avoid future costs,

As population increases and public resources decline, more efficient use must be made of Oregon's fiscal resources.

such as criminal activity and teenage pregnancy. Oregon will spend an additional \$1 billion on prisons over the next five years. Yet many of the crimes that cause young people to go to prison are preventable through additional investment in intervention strategies with at-risk youth. Preventing teenage pregnancies could save state and local government millions.

- ✓ 4.5 — The state will identify the primary risk factors associated with criminal activity, abuse and neglect, preventable health care needs, and long-term public assistance, and will target resources toward reducing or eliminating those factors.

As population increases and public resources decline, more efficient use must be made of Oregon's fiscal resources. This requires effective long-term thinking, prioritization and a significant reduction in preventable social costs.

SUPPORT INITIATIVE 5: IMPROVE GOVERNMENT ACCOUNTABILITY

For a democracy to function well, government must engage its citizens. This is especially true in a state like Oregon where citizens have retained a large share of decision-making power through the initiative and referendum. Low voter turnout, tax limitation measures, and declining trust and confidence ratings show that too many people are drifting away from involvement in government affairs. Rather than feeling ownership, in the sense of "all of us acting together," many have moved toward an attitude of "us versus them."

Much energy has focused recently on "reinventing" government to increase its focus on outcomes and treating citizens as "customers" whose continuing support is vital to the organization's survival. Despite many examples of Oregon's pace-setting efforts in this direction — which have earned Oregon a national reputation for innovation — many citizens have yet to get the message.

People have a hard time with change, and government staff at all levels are no exception. Effective, system-wide change must originate largely from deep inside the system itself.

People have a hard time with change, and government staff at all levels are no exception. Effective, system-wide change must originate largely from deep inside the system itself, starting with the people who know and live the details. Government agencies must not only continue down this new path, they must accelerate the pace of reinvention. Top-level managers must stimulate the desire for change within agency staff. In addition, they must find effective ways of communicating results, both good and bad, to a citizenry whose healthy skepticism toward government is, in some

cases, turning into unhealthy cynicism.

Below are offered several suggestions for how to do this and how to improve communication with citizens. Some of these techniques are already being used in some agencies. These efforts should be applauded and looked to as examples for others.

- ✓ 4.6 — Oregon's citizens will give government high ratings for trust and accountability.

Strategic Planning in Government

Oregon Shines contains the basis for a state government strategic planning process, including a coherent vision for the state and many measurable outcomes. But for strategic planning to be effective, it must be embraced throughout the system. A planning process would begin with each agency beginning its biennial planning with a review of the adopted statewide vision, applicable goals and

Governmental budgeting systems should be implemented that allow for program budgeting.

Benchmarks. Specific agency strategies, goals and indicators and spending priorities would be developed which are consistent with the statewide goals and Benchmarks. These goals and indicators would be brought to the foreground, coordinated among agencies and used when communicating with staff, other agencies, the public, agency clients and suppliers.

Outcome-Based Program Budgeting

Typical government line-item budgets receive much criticism for concealing more than they reveal. Governmental budgeting systems should be implemented that allow for program budgeting — i.e. segregating the revenues, costs and outcomes associated with a

particular activity for budgeting and reporting purposes. Program budgeting enhances managers' ability to control their operations, and provides greater accountability to policy makers.

Performance Auditing

Performance audits (or reviews) go beyond the traditional financial audits to look not only at whether agencies employed their budgeted funds according to law, but also at whether their activities were efficient and effective. The Secretary of State's audit division should expand its use of this technique, and begin examining agencies' performance based on outcomes achieved and eventually progress toward the goals described in Oregon's strategic plan.

Stewardship Accounting

Oregon Shines talks about investing in public facilities, infrastructure, human resources and many other "assets" that will ensure continued prosperity for Oregon. Governments are required by law to budget their cash flow to avoid incurring deficits. In the private sector, much greater attention is paid to "accrual" accounting, which takes into consideration the changes in assets during a period.

The federal government is attempting to develop the similar concept of "stewardship" accounting, requiring governments to report results in terms of the net improvement (or depreciation) of the assets which form our public legacy. For example, a budget-driven decision to close some state parks may "save" money in the General Fund, but the resulting deterioration in the public value of the park system may be shown, through stewardship accounting, to cost far more than those savings. This is yet another example of how a focus on outcomes can completely change the context of decision-making.

Chapter 10

The New Oregon Benchmarks

MODIFYING THE BENCHMARKS

After a thorough review of the benchmarking system and the Oregon Benchmarks, the Governor's Oregon Shines Task Force made eight recommendations to the Oregon Progress Board regarding changes to the benchmarking system. Seven all-day hearings were held to hear from interested parties regarding the effectiveness of the Benchmarks. A special data analysts' working group, chaired by Senator Neil Bryant, provided technical recommendations on improving the integrity of the data used in benchmarking. All of these changes were accepted by the Progress Board and have been incorporated into the revised Oregon Benchmarks list.

The Benchmarks are an excellent tool for encouraging collaboration among different interests, engendering long term thinking and developing results oriented management systems. These changes in the Benchmarking system reflect an understanding that the current system is maturing, but is far from perfect.

Number of Benchmarks

Benchmark supporters and critics alike agree: Oregon has too many Benchmarks. Benchmarks have been too hard to track and priority setting has been difficult.

The Progress Board has adopted the Benchmark acceptance criteria developed by the data analysts' working group. To the extent possible Benchmarks will emphasize results, be measurable, be malleable enough to allow change, be understandable, and be comparable to some outside standard.

The Progress Board has established two additional lists of indicators of progress. First, a Benchmark developmental list has been created for outcome measures that should be tracked but currently lack either data or targets. Developmental Benchmarks will be kept for two years with the expectation that either the

problem will be resolved or the Benchmark will be dropped.

Second, a supplemental list of indicators will be published separately by the Progress Board. These will be indicators that, in some way, provide more detail for the data found in the Oregon Benchmarks list. A supplemental indicator will be: a Benchmark broken down by age, race or geography; an indicator measuring a different aspect of a Benchmark (for example test score reports from a different grade level); or an interim measure indicating progress toward a Benchmark.

- ✓ 5.1 — The number of Benchmarks is reduced from the current 259 to approximately 100.

Relationships Between Benchmarks

Currently, the system does not differentiate ways Benchmarks relate to each other. For instance, teen pregnancy and child poverty are closely linked. The Task Force recommends a tiered approach identifying Benchmarks of overarching importance above another set of Benchmarks that provide "core information" on the highest level of Benchmarks.

The Progress Board will work toward a system that shows how Benchmarks are related. As a first step the Progress Board has identified lead Benchmarks that are attached to each of the *Oregon Shines* recommendations. Some of these will be chosen for special focus over the next two years. Part of that focus will include examining Benchmark "hydraulics" that will detail causes and effects between those Benchmarks and other important outcomes. The supplemental list described above will also show these relationships.

- ✓ 5.2 — The Progress Board will develop a system that shows how Benchmarks are related. (Two issue areas will be completed by 1999.)

Benchmark Measurability

The Oregon Benchmarks system has matured enough that all of the Benchmarks should have data that is reliable, economical, and regularly available. The Benchmark developmental list will temporarily house Benchmark candidates that do not meet this criteria.

- ✓ 5.3 — The Progress Board will only adopt Benchmarks that can, and will, be measured.

Realistic Targets

Benchmark targets have not always been set consistently. While the broad criterion “aggressive but realistic” was applied, no procedure was in place to assure that this happens. In the past the costs of reaching some Benchmark targets were so high, they far outweighed the benefits. (The target for healthy birthweight babies, for example.) In other instances, targets conflicted with others (maintaining open space in Portland metro and maintaining urban growth boundaries). Benchmark targets must be set empirically and reflect our best knowledge of the factors and processes that will influence achieving the desired condition.

The Progress Board has adopted a methodology for setting targets based on historical trends as a starting point for the process. In cases where Benchmarks have been trending positively, trends were carried forward. When the Board determined that Oregon needed to be more aggressive about achieving a future target, the trend was doubled to establish a higher target.

In some cases, data show that Oregon has been moving backwards, away from the established target since 1990. For these Benchmarks, the Board adopted the target of returning to the best previous level by 2000. Some of those Benchmarks were also targeted for an additional 20% improvement by 2010.

When available, national or regional norms were consulted for comparison. Oregon's

position relative to the norm helped determine the amount of progress that is possible (more progress is possible when Oregon is well below a norm and less if Oregon is already near the top) and helped temper some of the targets. In most cases policy experts were then consulted to assure that the targets are aggressive, but realistic.

The specific method used for setting targets is described in the endnotes following the Benchmark listing.

- ✓ 5.4 — The Progress Board will adopt Benchmark targets that are statements of realistic outcomes that can be achieved through government, social institutions, business and citizens acting over a given period of time.

Locally Available Data

Increasingly the responsibility for developing responses to complex economic and social issues is being decentralized. Planning that was once the province of the federal government is moving to the states, and the states, in turn, are placing the responsibility on local governments and planning agencies. This transfer of responsibility pressures local planning organizations to raise their programmatic and planning skills. A key factor in enabling the transfer of responsibility and capacity has been largely neglected — the effective transfer of knowledge, information and data necessary to plan, analyze, and evaluate alternate strategies.

- ✓ 5.5 — The Progress Board will develop accurate, understandable and timely local data for all Benchmarks by 2002 in consultation with local data users.

Leadership Responsibility

In 1993, SB 1130 was passed requiring agencies to link performance measures to Benchmarks. In its 1995 national rating of state government performance oriented management, *Financial World* noted that

Oregon had not done a good job of implementing the Benchmarks. While some agencies like the Oregon State Police and some human resource agencies use Benchmarks effectively, many others are not. In other instances, Benchmark and other indicator projects are conducted with poor coordination or collaboration.

The Legislature should encourage state agencies to take the lead on priority Benchmarks and work in collaboration with local government, businesses and nonprofit organizations to achieve them. A renewed push for performance measures at all state agencies would be appropriate. Additionally, the Governor and the Legislature should communicate their expectations for clear policy links between performance measures and the Oregon Benchmarks. Agencies should link Benchmarks expenditures wherever possible.

- ✓ 5.6 — The Oregon Legislature should encourage state agencies to play a leadership role in achieving the Benchmarks.

Strategies for Achieving Benchmarks

Identifying the Benchmark and target is only half the battle. Strategies are needed to achieve those targets. The Progress Board, in consultation with other involved parties, will pick a few key Benchmarks (no more than ten) for priority attention in this regard.

- ✓ 5.7 — The Progress Board will facilitate the development of strategies that impact the Benchmarks. (Within two years strategies will be developed for five key Benchmark targets.)

Presenting Benchmarks

The graphical approach would be especially appropriate with a tiered system of

Benchmarks. Reporting would not need to address all Benchmarks together, but could follow the categories used for this review effort (Healthy Environment, Public Safety, etc.). Separate booklets could focus on each topic group, allowing more focus and efficiency. Geographical Information System (GIS) technology could be used for analysis and display of Benchmark data. GIS provides a powerful tool to sort, store and map vast quantities of data, especially at the sub-state level.

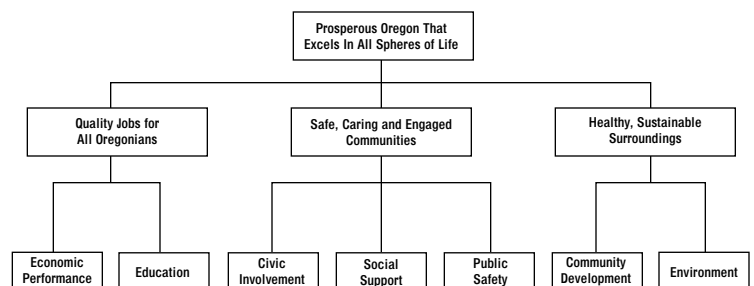
This recommendation will be implemented over time. Progress Board staff will work with state agencies and others to develop graphical formats for presenting Benchmark data in preparation for the Board's report to the 1999 legislature, the next major Benchmark report.

- ✓ 5.8 — The reporting format of the Benchmarks will be overhauled, and a graphical format used in place of the existing tabular format in time for the 1999 Progress Board report to the Legislature.

THE OREGON BENCHMARKS

The following pages show the new Benchmarks arranged by topic area. Figure 17 illustrates the hierarchical relationships among the three goals and seven Benchmark categories.

Figure 17
Benchmarks and Oregon Shines Goals



OREGON BENCHMARKS

ECONOMIC PERFORMANCE

	1980	1990	1991	1992	1993	1994	1995	1996	2000	2010
BUSINESS VITALITY										
1. Percentage of Oregonians employed outside the Willamette Valley and the Portland tri-county area	26%	26%	26%	26%	26%	25%	25%		26%	26%
2. Percentage of professional services exported (imported) relative to industry demand		(16%)	(19%)	(17%)	(17%)	(14%)			(7%)	5%
3. Oregon's national rank in new companies		12th	22nd	13th	7th	11th	4th	8th	5th-10th	5th-10th
4. Oregon's national rank in traded sector strength		33rd	36th	35th	38th	38th	36th	40th	20th-25th	20th-25th
5. Oregon's national rank in business closings (1st = least business closings)		18th	16th	32nd	31st	39th	37th	28th	20th-25th	20-25th
6. Net job growth (loss)	(8,711)	43,276	(2,116)	23,552	40,842	58,529	54,637		50,000	50,000
7. Oregon's national rank in economic diversification (1st = most diversified)	13th			4th						
ECONOMIC CAPACITY										
8. Industry research and development expenditures as a percentage of gross state product			0.6%		0.7%				2.1%	3.5%
9. Oregon's national rank in venture capital investments		4th	25th	11th	4th	16th	12th	29th	1st-5th	1st-5th
BUSINESS COSTS										
10. Oregon's rank among seven Western states in business taxes as a percentage of gross state product (1st = lowest business taxes)			4th			2nd				
11. Oregon's national rank in health care costs (1st = lowest costs)	26th	15th	10th	13th	15th				20th-25th	20th-25th
12. Oregon's national rank in workers compensation costs (1st = lowest costs)		44th		30th		20th		18th	15th-20th	15th-20th
13. Percentage of permits issued within the target time period or less										
a. Air contaminant discharge			57%	57%	68%	66%	62%		67%	78%
b. Wastewater discharge				41%	32%	25%	36%		41%	49%
INCOME										
14. Per capita personal income as a percentage of the U.S. per capita income	99%	92%	92%	93%	92%	93%	95%		100%	110%
15. Average annual payroll per covered worker (all industries, 1995 dollars)	\$26,304	\$24,695	\$24,847	\$25,279	\$25,265	\$25,368	\$25,837		\$26,304	\$27,266
16. Percentage of Oregonians in the middle income range	38%	38%	38%	38%	38%	38%			39%	40%
17. Percentage of Oregon workers (age 16 and older) employed in a job that pays wages of 150% or more of poverty (for a family of 4)		35%	36%	34%	39%	42%	45%		50%	60%
18. Unemployment rate (civilian labor force, annual average)	8.3	5.5	6	7.5	7.2	5.4	4.8		5.0	5.5
INTERNATIONAL										
19. Percentage of manufactured goods sold outside the United States		12%	13%	13%					20%	25%
20. Number of international cities of over 1 million population (outside Canada and Mexico) served by direct or non-stop flights to and from any Oregon commercial airport	1	4		5	5	5	3	3	5	6
21. Percentage of Oregonians who speak a language in addition to English				17%		16%		14%	17%	20%

OREGON BENCHMARKS

EDUCATION

	1980	1990	1991	1992	1993	1994	1995	1996	2000	2010
KINDERGARTEN THROUGH 12										
22. High school drop out rate		6.6	6.5	5.8	5.7	6.6	7.4		5.7	4.6
23. Percentage of 8th graders who achieve established skill levels										
a. Reading			86%	84%	82%	87%	87%	89%	92%	100%
b. Math			75%	84%	83%	83%	84%	84%	89%	100%
24. Percentage of 3rd graders who achieve established skill levels										
a. Reading			86%	89%	89%	90%	89%	93%	95%	100%
b. Math			75%	84%	85%	84%	85%	86%	90%	100%
25. Percentage of high school students that have completed a structured work experience, including a practicum, clinical experience, community service learning, or school-based enterprise program					9%	13%	21%		65%	100%
POST SECONDARY										
26. Percentage of Oregon adults (age 25 and older) who have completed a baccalaureate degree	18%	23%		25%		26%		29%	33%	45%
27. Percentage of Oregon adults (age 25 and older) who have completed high school or an equivalent program	76%	85%		82%		89%		91%	94%	100%
28. Percentage of Oregon adults (age 25 and older) who have completed some college	39%	53%		53%		58%		60%	68%	89%
29. Percentage of Oregon adults (age 25 and older) who have completed an associate degree in professional-technical education						4%		4%	6%	10%
SKILL DEVELOPMENT	1980	1990	1991	1992	1993	1994	1995	1996	2000	2010
30. Percentage of all adult Oregonians with intermediate literacy skills										
a. Prose		41%							48%	55%
b. Document		36%							46%	55%
c. Quantitative		39%							47%	55%
d. Oral Listening										
e. Writing										
31. Percentage of Oregonians who report they use a computer to create or edit documents or graphics, or to analyze data						50%		58%	61%	70%
32. Percentage of Oregonians in the labor force who received at least 20 hours of skills training in the past year						41%		71%	79%	100%

OREGON BENCHMARKS

CIVIC ENGAGEMENT

	1980	1990	1991	1992	1993	1994	1995	1996	2000	2010
PARTICIPATION										
33. Percentage of Oregonians who volunteer at least 50 hours of their time per year to civic, community or, nonprofit activities				30%				29%	35%	50%
34. Percentage of eligible Oregonians who vote		55%		70%		56%			70%	84%
35. Percentage of Oregonians who feel they are a part of their community						36%		41%	45%	60%
TAXES										
36. Percentage of Oregonians who understand the Oregon tax system and where tax money is spent				11%	13%	13%	19%		25%	50%
37. State and local taxes per capita (1995 dollars)	\$1,801	\$2,227	\$2,244	\$2,254	\$2,273	\$2,289	\$2,281			
a. As a percentage of 1990	81%	100%	101%	101%	102%	103%	102%			
b. Oregon's rank	20th	19th	20th	22nd	24th					
38. State and local taxes per \$1,000 of personal income	\$114	\$121	\$120	\$120	\$118	\$116	\$113			
a. As a percentage of 1990	94%	100%	99%	99%	98%	96%	94%			
b. Oregon's rank	23rd	13th	12th	12th	17th					
PUBLIC SECTOR PERFORMANCE										
39. <i>Financial World</i> magazine's ranking of public management quality			17th	6th	7th	25th	25th		6th	5th
40. State general obligation bond rating (Standard and Poor's)		AA-	AA-	AA-	AA-	AA-	AA-	AA	AA+	AAA
CULTURE										
41. Oregon's national rank in per capita state arts funding		41st	40th	39th	41st	44th	54th	54th	39th	31st
42. Percentage of Oregonians served by a public library which meets minimum service criteria	73%	86%	83%	83%	86%	84%	85%		90%	99%

OREGON BENCHMARKS

SOCIAL SUPPORT

	1980	1990	1991	1992	1993	1994	1995	1996	2000	2010
HEALTH										
43. Pregnancy rate per 1,000 females age 10-17	24.7	19.7	19.3	17.9	18.2	18.9	19.2		15	10
44. Percentage of babies whose mothers received early prenatal care (beginning in the first trimester)	77%	76%	77%	79%	79%	79%	79%		90%	95%
45. Infant mortality rate per 1,000	12.1	8.3	7.2	7.1	7.1	7.1	6.2		6.0	5.6
46. Percentage of two-year-olds who are adequately immunized			47%	50%	53%	67%			90%	90%
47. Annual percentage of new HIV cases with an early diagnosis (before symptoms occur)		72%		78%	80%	73%	78%		85%	98%
48. Percentage of adults who do not currently smoke tobacco		78%	77%	79%	78%	79%	78%		81%	90%
49. Premature Mortality: Years of potential life lost before age 70 (rate per 1,000)	76.4	64.3	60	59.2	61.7	61.9	61.4		57.4	49.3
50. Percentage of adults whose self-perceived health status is very good or excellent					63%	63%	62%		65%	72%
51. Percentage of families for whom child care is affordable				69%		67%			70%	75%
52. Number of child care slots available for every 100 children under age 13		14		15	15	16	16	20	21	25
PROTECTION										
53. Percentage of 8th grade students who used:										
a. Alcohol in the previous month		23%		26%		30%		30%	26%	21%
b. Illicit drugs in the previous month		14%		11%		19%		22%	15%	12%
c. Cigarettes in the previous month		12%		15%		19%		22%	15%	12%
54. Number of children abused or neglected per 1,000 persons under 18		11.2	10.5	11.3	10.8	10	9.9		8.8	6.5
55. Reported elder abuse rate per 1,000							5		5	5
56. Percentage of infants whose mothers used:										
a. Alcohol during pregnancy (self-reported by mother)		5%	5%	4%	3%	3%	3%		2%	2%
b. Tobacco during pregnancy (self-reported by mother)		22%	21%	20%	19%	18%	18%		15%	12%
POVERTY										
57. Percentage of Oregonians with incomes below 100% of the Federal poverty level	11%	11%		13%		15%		12%	11%	9%
58. Percentage of Oregonians without health insurance		15%		15%		14%		11%	9%	4%
59. Number of Oregonians that are homeless on any given night				7,607	5,196	7,262	6,141		5,196	5,196
60. Percentage of current court ordered child support paid to families	44%	50%	47%	50%	54%	60%	68%		72%	80%
PERSONS WITH DISABILITIES										
61. Percentage of seniors living independently			96.9%	97.1%	97.2%	97.4%	97.4%		97.6%	97.9%
62. Percentage of Oregonians with a lasting developmental, mental and/or physical disability who work						21%		22%	32%	70%
63. Percentage of Oregonians with a lasting developmental, mental and/or physical disability living in households with incomes below the federal poverty level						20%		20%		

OREGON BENCHMARKS

PUBLIC SAFETY

	1980	1990	1991	1992	1993	1994	1995	1996	2000	2010
CRIME										
64. Overall reported crimes per 1,000 Oregonians	133.6	139	138.3	138.7	139.5	145.9	150.5		133.6	106.9
65. Total juvenile arrests per 1,000 juvenile Oregonians per year	48.3	46.5	48.8	52.1	53.8	57.3	58.6		46.5	37.2
66. Percentage of students who carry weapons			26%		32%		19%		15%	9%
67. Percentage of paroled offenders convicted of a new felony within three years of initial release		37.7%	37.6%	34.0%	34.0%	33.1%	30.4%		28%	27%
68. Percentage of counties that have completed a strategic cooperative policing agreement								31%	100%	100%
EMERGENCY PREPAREDNESS										
69. Percentage of Oregon counties with the capability to respond to an emergency, and to assist communities to recover fully from the effects		50%	44%	56%	64%	83%	86%	92%	94%	100%

OREGON BENCHMARKS

COMMUNITY DEVELOPMENT

	1980	1990	1991	1992	1993	1994	1995	1996	2000	2010
GROWTH MANAGEMENT										
70. Percentage of miles of limited-access highways in Oregon urban areas that are heavily congested during peak hours	19%	43%	56%	58%	60%	60%			60%	60%
71. Percentage of Oregonians served by public drinking water systems that meet health-based standards						49%	50%		75%	95%
72. Percentage of Oregonians with sewage disposal that does not meet government standards			5%			3%	2%		0%	0%
INFRASTRUCTURE										
73. Percentage of Oregonians who commute to and from work during peak hours by means other than a single occupancy vehicle				16%		16%		19%	23%	31%
74. Vehicle miles traveled per capita in Oregon metropolitan areas (per year)	5,782	7,733	7,809	7,696	7,776	7,854	7,982		8,156	7,938
75. Percentage of Oregon households with personal computers at home that send and receive data and information over telecommunications				10%		13%		24%	40%	80%
76. Real per capita state and local expenditures for capital outlay (1995 constant dollars)	\$653	\$506	\$526	\$527	\$500					
HOUSING										
77. Percentage of households that are owner occupied	65%	67%		70%		62%		67%	68%	69%
78. Percentage of low income households spending more than 30 percent of their household income on housing (including utilities)										
a. Renters		59%		63%		55%		60%	55%	55%
b. Owners		38%		n/a		32%		45%	32%	32%

OREGON BENCHMARKS

ENVIRONMENT

	1980	1990	1991	1992	1993	1994	1995	1996	2000	2010
AIR										
79. Percentage of Oregonians living where the air meets government ambient air quality standards	30%	54%	51%	58%	100%	100%	100%		100%	100%
80. Carbon dioxide emissions as a percentage of 1990 emissions		100%	113%	124%	115%	122%			100%	100%
WATER										
81. Percentage of Oregon wetlands in 1990 still preserved as wetlands		100%	100%	100%	100%	100%	100%		100%	100%
82. Stream water quality index										
a. Percentage of monitored stream sites with significantly increasing trends in water quality							21%		25%	25%
b. Percentage of monitored stream sites with significantly decreasing trends in water quality							8%		5%	0%
83. Percentage of assessed groundwater that meets drinking water standards	91.6%	95.1%		94.6%		94.3%		94.1%	94.0%	94.0%
84. Percentage of key rivers meeting instream water rights										
a. 9 or more months of the year	53%	39%	50%	56%	72%	61%			60%	65%
b. 12 months a year	47%	44%	39%	22%	22%	28%			35%	40%
LAND										
85. Percentage of Oregon agricultural land in 1970 still preserved for agricultural use		98%		98%		97%	97%	97%	97%	97%
86. Percentage of Oregon forest land in 1970 still preserved for forest use		92%	90%	92%	92%	92%	91%		92%	92%
87. Pounds of Oregon municipal solid waste landfilled or incinerated per capita				1,519	1,501	1,516	1,511		1,506	1,495
88. Percentage of identified hazardous waste sites that are cleaned up or being cleaned up		67.1%	67.6%	71.0%	69.6%	66.7%	65.7%		66.9%	55.5%
a. Tank sites		66.3%	67.3%	70.7%	69.3%	66.3%	65.4%		66.9%	54.6%
b. Other hazardous substances		96.8%	75.2%	79.3%	76.2%	73.1%	70.0%		69.6%	68.6%
PLANTS AND WILDLIFE										
89. Percentage of wild salmon and steelhead populations in key sub-basins that are at target levels		48%	39%	30%	20%	11%	2%		13%	35%
90. Percentage of native fish and wildlife species that are healthy			76%	76%	76%	76%	75%		77%	80%
91. Percentage of native plant species that are healthy			83%	86%	88%	86%	88%		90%	95%
OUTDOOR RECREATION										
92. Acres of state-owned parks per 1,000 Oregonians	35	31	31	31	30	30	29		35	35

DEVELOPMENTAL BENCHMARKS

The Progress Board has identified 26 additional outcomes that could either replace or supplement existing Benchmarks if data were available. If proponents of these measures are able to provide reliable, periodic data before the next review period, the outcome will be considered for inclusion as an Oregon Benchmark.

1. Percentage of work applications that meet employment criteria for the job

Lead Responsibility: Not Identified

2. Percentage of “ready to build:” industrial property within comprehensive plans that have sufficient infrastructure capacity to meet development requirements

Lead Responsibility: Oregon Economic Development Department

3. Oregon’s national rank in total cost of doing business

Lead Responsibility: Oregon Economic Development Department

4. Oregon’s national rank in total cost of permitting as a percentage of the gross state product

Lead Responsibility: Oregon Economic Development Department

5. Percentage of adult Oregonians (age 25 and older) who have completed a certified apprenticeship program (Journeyman card)

Lead Responsibility: Oregon Office of Educational Policy and Planning

6. Percentage of Oregonians who have successfully completed a job retraining program

Lead Responsibility: Oregon Employment Department

7. Percentage of development in Oregon per year occurring within urban growth boundaries

Lead Responsibility: Oregon Department of Land Conservation and Development

8. Urban parks per capita

Lead Responsibility: Not Identified

9. Backlog of city, county, and state roads and bridges in need of repair and preservation

Lead Responsibility: Oregon Department of Transportation

10. Total annual road and bridge operations and maintenance costs per lane-mile

Lead Responsibility: Oregon Department of Transportation

11. Total annual road and bridge operations and maintenance costs per daily vehicle miles of travel

Lead Responsibility: Oregon Department of Transportation

12. Percentage of Oregonians with access to video telecommunications

Lead Responsibility: Oregon Telecommunication Forum Council

13. Percentage of children entering school ready-to-learn

Lead Responsibility: Oregon Department of Education

14. Percentage of students who attain a Certificate of Initial Mastery (CIM).

Lead Responsibility: Oregon Department of Education

15. Percentage of students who attain a Certificate of Advanced Mastery (CAM).

Lead Responsibility: Oregon Department of Education

16. Percentage of land with allowable soil less erosion rates: (a) Cropland; (b) Pasture land; (c) Forest land

Lead Responsibility: Oregon Department of Agriculture

17. Elected and appointed women and minority officials as a percentage of the community population

Lead Responsibility: Governor’s Office of Affirmative Action

18. Women and minority business owners as a percentage of the community population

Lead Responsibility: Governor’s Office of Affirmative Action

19. Percentage of state agencies that employ results-oriented performance measures

Lead Responsibility: Oregon Department of Administrative Services

20. Juvenile Crime Index

Lead Responsibility: Governor's Office

21. Total minority arrests as a percentage of the community population

Lead Responsibility: Oregon Progress Board

22. Percentage of Oregon buildings that meet seismic engineering standards

Lead Responsibility: Oregon Department of Geology and Mineral Industries

23. Percentage of Oregonians with geographic access to health care

Lead Responsibility: Oregon Health Division

24. Percentage of school age children (preschool - 13) without tooth decay

Lead Responsibility: Oregon Health Division

25. Reported incidence of spousal abuse rate per 1,000

Lead Responsibility: Not Identified

26. Percentage of Oregonians with a lasting developmental, mental and/or physical disability who are living in the community with adequate supports

Lead Responsibility: Not Identified

APPENDIX A — OREGON BENCHMARK ENDNOTES

ECONOMIC PERFORMANCE

1. Percentage of Oregonians employed outside the Willamette Valley and the Portland tri-county area

Explanation: This benchmark measures the percentage of non-agricultural wage and salary employment which occurs outside the Portland tri-county area and the Willamette Valley (Benton, Clackamas, Lane, Linn, Marion, Multnomah, Polk, Washington, and Yamhill counties). **Rationale:** Oregon's population and employment during the 1980s shifted from rural areas of the state toward urban areas. Although the percentage of Oregon's population represented by the Portland area is relatively lower than the share of urban populations in most western states, Oregon needs to forestall continued rural decline and growth-related urban problems. This benchmark underscores the importance of maintaining the geographic diversity of the state's economy and employment. **Target:** Standard-Negative method used. **Data source:** *Non-Farm Payroll Employment*, Oregon Employment Department.

2. Percentage of professional services exported (imported) relative to industry demand

Explanation: The professional services industry includes finance, insurance, business services, engineering and management services, and legal services. This group traditionally provides services to the business community. The benchmark is a location quotient. It identifies Oregon's proportion of non-agricultural wage and salary employment in professional services relative to the national proportion. A proportion of less than one indicates that we import services. **Rationale:** Oregon has a low percentage of its employment in producer services when compared to the national average. This implies that, on average, we "import" these services from elsewhere. A lack of sufficient services in the state may inhibit business formation or it may increase business costs. **Target:** Target set by Oregon Progress Board. **Data source:** Data are published employment estimates from the Oregon Employment Department and the U.S. Bureau of Labor Statistics.

3. Oregon's national rank in new companies

Explanation: New firms are defined as those that seek new account numbers from the state employment services. **Rationale:** The ability of a state to produce new business is a critical characteristic of a robust economic climate. **Target:** Target set by Oregon Progress Board. **Data source:** *The Development Report Card*, Corporation for Enterprise Development. U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service, ETA581, "Contributing Operations Reports." Washington, DC: 1995.

4. Oregon's national rank in traded sector strength

Explanation: This benchmark measures traded sector personal income (in dollars) per worker. The traded sector of each state is comprised of industries which compete in multi-state, national and international markets. **Rationale:** When traded sector industries sell their goods and services, they bring wealth into the state and fuel the rest of the economy. Traded sector income per worker measures the economic strength of each state's traded sector. **Target:** Target set by Oregon Progress Board. **Data source:** *The Development Report*

Card, Corporation for Enterprise Development. United States Department of Commerce, Bureau of Economic Analysis. "State Personal Income Summary Tables 1968-1994." Washington, DC: 1995; U.S. Department of Labor Statistics. *Employment & Wages: Annual Averages, 1994*. Washington, DC: 1995, and Geographic Profile of *Employment & Unemployment, 1994*. Washington, DC: 1995. Calculations by Andrew Reamer and Associates.

5. Oregon's national rank in business closings (1st = least business closings)

Explanation: This measures the level of business closings in a state as reported by state employment security offices. "Closings" are businesses that either reported being out of business or reported no employment for two years. **Rationale:** One of the most basic indicators of the competitiveness of the businesses in a state is simply whether businesses survive. **Target:** Target set by Oregon Progress Board. **Data source:** *The Development Report Card*, Corporation for Enterprise Development. U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service, ETA581, "Contributing Operations Reports." Washington, DC: 1995.

6. Net job growth (loss)

Explanation: This measures change in average employment between the listed year and the year prior. **Rationale:** Job growth is a good measure of business vitality. **Target:** Target set by Oregon Progress Board. **Data source:** *Covered Employment and Payrolls*, Oregon Employment Department.

7. Oregon's national rank in economic diversification (1st = most diversified)

Explanation: Diversification ranking is based on the sum of the absolute values of the differences between each industry's percentage of total gross state product and the same industry's percentage of total U.S. gross domestic product. This benchmark uses data for all industries included in the official data series, except where a particular state lacked data for an industry. **Rationale:** Economic diversification is related to the risk of general economic downturn due to a downturn in a single industry. Generally, a more diversified economy is a more stable economy which should cause fewer layoffs of workers and the economic and social distress that results from layoffs. This benchmark is not intended to encourage the reduction of employment in Oregon's most prominent industries, but rather to encourage the growth of employment in less prominent industries that can help stabilize the state economy. **Target:** The Oregon Progress Board chose not to set targets. **Data source:** U.S. Department of Commerce, Bureau of Economic Analysis.

8. Industry research and development expenditures as a percentage of gross state product

Explanation: This measures private dollars invested in research and development by Oregon industries. **Rationale:** This is an indicator of the size and future strength of Oregon's technology generating sector. Encouraging more research and development activity in Oregon will help to expand the state's base of high technology companies. This benchmark will be increasingly important as the world moves to an information- and knowledge-based economy. **Target:** Insufficient data for trend analysis. Target set based on the *Oregon Technology Benchmarks Report*. **Data source:** National Science Board, *Science and Engineering Indicators*.

9. Oregon's national rank in venture capital investments

Explanation: This measures the amount of venture capital investments made in a state, adjusted by the state's employment. **Rationale:** Venture capital firms provide early-stage capital for businesses with high growth potential and, as a consequence, can be instrumental in the formation and expansion of growth industries. Active venture capital participation in a state is an indicator of a rapidly developing economy and multiple investment opportunities. It is useful to note that the venture capital industry, despite the fact that it has grown sharply in recent years, is still quite small and focused in only a handful of states. **Target:** Target set by Oregon Progress Board. **Data source:** *The Development Report Card*, Corporation for Enterprise Development. VentureOne. *VentureOne Research Partner Database*. San Francisco, CA: February 1996.

10. Oregon's rank among seven Western states in business taxes as a percentage of gross state product (1st = lowest business taxes)

Explanation: This measures the portion of taxes paid by business in Oregon relative to the Oregon's gross state product. Oregon's rank is relative to six other western states: Arizona, Washington, Utah, Colorado, Idaho and California. In 1994 Oregon was tied for first place with California and Colorado. **Rationale:** Taxes are one factor influencing the business climate of a state. While the overall tax level gives some indication of tax burden, the tax structure can affect may cause considerable variation in impact among firms. **Target:** The Progress Board chose not to set targets. **Data source:** Utah State Tax Commission, Economic and Statistical Unit.

11. Oregon's national rank in health care costs (1st = lowest costs)

Explanation: This measures how Oregon compares to other states in regard to its per capita expenditures for personal health care. **Rationale:** Escalating health care costs represent a major cost to business and a factor in the decline in international competitiveness of Oregon and United States businesses. This benchmark urges us to find the least expensive ways to provide health care so that Oregon will be an attractive and competitive location for businesses. **Target:** Target set by Oregon Progress Board. **Data source:** Office of the Oregon Health Plan Administrator, Department of Administrative Services.

12. Oregon's national rank in workers' compensation costs (1st = lowest costs)

Explanation: This benchmark measures Oregon's workers' compensation premium competitiveness on a national level by comparing Oregon's premium rates with those of the other 49 states and the District of Columbia. **Rationale:** High costs in this area are consistently cited by businesses as a strong disadvantage to doing business or locating in a state. This benchmark also has international implications, given relatively high and rapidly growing U.S. medical costs. If Oregon's ranking were too low, benefits to workers may be less than desired. If state ranking were too high, the costs of the system would be higher than desired. **Target:** Target set by Oregon Progress Board. **Data source:** Oregon Department of Consumer and Business Services.

13. Percentage of permits issued within the target time period or less

Explanation: This benchmark is aimed at providing the

quickest possible processing of permit applications. Current rules establish target time periods for completing this process. The two components of this benchmark are air contaminant and waste water discharge permits. **Rationale:** New industrial sitings or expansions are often planned on a quick time frame. Anything that might slow the process down may add extra expense, force alterations of plans, or table a project. In order to accommodate companies as they wish to locate or expand, Oregon needs to ensure that the application review process involves enough time for adequate consideration and public input, but yet is also quick enough to facilitate fast-track development as required by individual companies. These measures may not fully capture the permitting issues, however, and the Progress Board is looking for a broader measure for future reports. **Target:** Standard-Positive method used. **Data source:** Oregon Department of Environmental Quality (air and waste water permits).

14. Per capita personal income as a percentage of the U.S. per capita income

Explanation: Per capita personal income is total personal income divided by the total population for the United States and Oregon. **Rationale:** As Oregon makes progress toward a variety of its economic goals, the earnings of Oregonians should improve dramatically. Data are presented for all regions of the state to indicate that this improvement in earnings should occur throughout Oregon. **Target:** Target set by Oregon Progress Board. **Data source:** December 1996, Economic Revenue Forecast Department of Administrative Services; Office of Economic Analysis.

15. Average annual payroll per covered worker (all industries, 1995 dollars)

Explanation: This measures total payroll for all industries divided by annual average employment in all industries. It is a gauge of the change in incomes per worker. **Rationale:** We measure this as a complement to the per capita income benchmarks. It helps us see how each worker is faring, rather than just charting personal income (which may include two worker families). The distinction is important because real per capita incomes have increased over the past two decades, primarily due to an increase in the percentage of the population that is working and in spite of a decline in average real payroll per worker. This is also a surrogate for measuring productivity and standard of living. **Target:** Aggressive-Negative method used to set the year 2000 target. 1995-2000 trend extended to set the 2010 target. **Data source:** *Covered Employment and Payrolls*, Oregon Employment Department Figures are converted to 1995 dollars using the Implicit Price Deflator.

16. Percentage of Oregonians in the middle income range

Explanation: The middle income range is defined as the range of adjusted gross income (AGI) from 50% of median AGI to 150% of median AGI. AGI is a measure of federally taxable income from all sources, reduced by items such as alimony payments and deposits to individual retirement accounts. The percentage of Oregonians in this range is roughly estimated by the number of state personal income tax returns in this range. **Rationale:** Disparities of wealth and poverty are often associated with crime, social unrest, shortages of skilled labor, and undeveloped and unused talent. Strategies to reduce crime and social unrest and to increase skills and earnings should result in increases in the percentage of Oregonians in the middle income range. **Target:** Target set by Oregon Progress Board.

Data source: Adjusted gross income data are published annually by the Oregon Department of Revenue. The data used for this benchmark are the AGIs of those people filing full-year personal income tax returns.

17. Percentage of Oregon workers (age 16 or older) employed in a job that pays wages of 150% or more of poverty (for a family of 4)

Explanation: This is a measure of the percentage of the population of working Oregonians which is 50% or more above the Federal poverty level. The data reflect wage and salary earning only. **Rationale:** Inclusion of this benchmark highlights Oregon's efforts to increase the skills and employability of those in poverty and to add them to the workforce in jobs that provide incomes greater than the poverty level. **Target:** Target set by Oregon Progress Board. **Data Source:** 1990 data come from 1990 U.S. Census Public Use Microdata Sample (PUMS). 1991-1995 data come from the *Current Population Survey*, a telephone survey of approximately 700 Oregon households.

18. Unemployment Rate (civilian labor force, annual average)

Explanation: This measures the civilian labor force unemployment rate for persons 16 years and older. Statistically significant unemployment rates for racial and ethnic group are only available through the decennial census. Note that the unemployment rate for 1990 is for April, 1990, and is not a yearly average. **Rationale:** The unemployment rate is an indication of the health of the Oregon economy. Additionally, unemployment is often disproportionate by race or ethnicity. **Target:** 1995 unemployment rate was a 25 year low. Target set lower than Employment Department long-term projections. **Data source:** 1990, U.S. Census of Population and Housing, STF 3. All other data from "Annual Average Civilian Unemployment Rates (CPS Adjusted)" table from the Workforce Analysis Section, Employment Department.

19. Percentage of manufactured goods sold outside the United States

Explanation: Manufactured goods include durable and non-durable products (SIC 20-39). They do not include commodities such as grain or services such as banking or insurance. **Rationale:** The importance of international trade to the United States, and especially to Pacific Rim states such as Oregon growing. To thrive in the global marketplace, Oregon and the nation will need to take advantage of opportunities opened international markets, thus increasing exports of manufactured goods. **Target:** Insufficient trend data. Target set by Oregon Progress Board. **Data source:** Value of shipments data are gathered from the Annual Survey of Manufacturers, U.S. Department of Commerce. Value of foreign exports data are gathered from the U.S. Department of Commerce, Census, State Export Series produced by the University of Massachusetts Institute for Social and Economic Research (MISER).

20. Number of international cities of over one million population (outside of Canada and Mexico) served by direct or non-stop flights to and from any Oregon commercial airport

Explanation: The difference between direct and non-stop flights is that direct flights include stops. Otherwise, it is non-stop service. **Rationale:** Direct air service is included in this

measure due to the importance of direct service to international destinations. International air service is of great importance as the state builds an image of an international location. In addition to measuring passenger access to interstate air transportation, this also serves to indicate, though to a lesser extent, access of Oregon business to air cargo services, which cannot be measured directly. **Target:** Aggressive-Negative method used. **Data source:** Port of Portland, Policy and Research Section.

21. Percentage of Oregonians who speak a language in addition to English

Explanation: This benchmark documents Oregonians' self-reported proficiencies in languages other than English. The survey question asked only about proficiency in a language other than English, not about proficiency in English as a second language. **Rationale:** This measure is a surrogate for broader cultural awareness and understanding. It is also a significant measures of the increasing diversity among Oregonians. **Target:** Aggressive-Negative method used. **Data source:** Oregon Population Survey, a random sample telephone survey of Oregon households conducted in even-numbered years.

EDUCATION

22. High school drop out rate

Explanation: This rate measures the percentage of students each year who leave the public K-12 school system from grades 7-12 before receiving a high school diploma. This is calculated according to the procedures prescribed in ORS 339.505 to 339.520. Those who achieve high school equivalency certification in other ways are documented another benchmark, which measures the completion rate in the population of all Oregonians at least 25 years old. **Rationale:** Opportunities are especially bleak for young Oregonians who drop out of high school. A national study shows that the real earnings of male high school dropouts 20 to 24 years old between 1973 and 1986, plunged 42%. **Targets:** Aggressive-Negative method used. **Data source:** Department of Education, *School Level Fall Report*.

23-24. Student Skills: Percentage of students who achieve basic established skill levels in third and eighth grades

Explanation: These indicators measure the skills of Oregon students in reading and math as they proceed through school. They will be adjusted to reflect changes in assessment and definitions of educational attainment under House Bill 2991, including Certificates of Initial and Advanced Mastery, as they are implemented. **Rationale:** These measures focus on the results of the education process: the knowledge and capabilities of students themselves at different grade levels. **Target:** Standard-Positive method used. **Data source:** Oregon Statewide Assessment, Department of Education. Students are tested every year in math, reading and writing.

25. Percentage of high school students that have completed a structured work experience, including a practicum, clinical experience, community service learning, or school-based enterprise program

Explanation: This indicator measures the percentage of 11th and 12th grade students enrolled in structured work experience programs, internships, or mentorships. A structured

work experience is an educational experience that occurs at a community or job work site. It is tied to the classroom by a curriculum that correlates and integrates work based with school based learning. Such experiences include, but are not limited to, cooperative work experience, internships, mentorship, on-the-job training, and apprenticeships. **Rationale:** A structured work experience that ties the classroom and community is a key element of the Certificate of Advanced Mastery and education reform. This benchmark will provide an important statewide measurement of progress toward building systems at the local level. **Target:** Insufficient trend data. Targets set by the Department of Education. **Data source:** Oregon Department of Education, Office of Professional Technical Education Management Information System (OPTE-MIS). OPTE-MIS is designed to collect student record information about all professional technical education (PTE) students. A school-to-work information system (for all students) will provide information for this benchmark starting in July 1997.

Percentage of Oregon adults (age 25 and older) who have completed:

26. A baccalaureate degree

27. A high school or an equivalent program

28. Some college

29. An associate degree in professional-technical education

Explanation: All benchmarks are measured for the population of Oregonians at least 25 years old. The high school completion, some college and baccalaureate measures are nested; each is a prerequisite for the next level of education. High school attainment includes GED and equivalent programs. The professional technical associate degree benchmark measures educational attainment in occupation specific programs. **Rationale:** Well over 75% of Oregon's work force in the year 2000 is currently at work. Not only will new jobs require higher average skill levels, skill levels in current jobs will also rise. **Target:** Standard-Positive method used for high school, some college and baccalaureate degree benchmarks. Progress Board set target for professional-technical education benchmark. **Data source:** 1980 data come from the 1980 Decennial Census. 1990-1996 data come from the Oregon Population Survey, a random sample telephone survey of Oregon households conducted in even-numbered years.

30. Percentage of all adult Oregonians with intermediate literacy skills: (a) Prose (b) Document (c) Quantitative (d) Oral Listening (e) Writing

Explanation: This benchmark is an indicator of the functional literacy skills in English of adult Oregonians. This benchmark measures adult ability to answer questions of various degrees of difficulty regarding information in text (newspaper articles, warranties) and other documents (advertisements, graphs, pay slips, bus schedules, menus, unit pricing information), the ability to communicate in basic writing skills and speaking and listening skills in English. **Rationale:** Workers need a broad variety of attributes that contribute to work success (for example, positive attitude toward work, ability to learn, listening skills, ability to work with others.) Levels of literacy are highly correlated with earnings potential and poverty. **Target:** Target set by Oregon Progress Board. **Data source:** Oregon Office Community College Services.

31. Percentage of Oregonians who report they use a computer to create or edit documents or graphics, or to analyze data

Explanation: This data is self-reported, and is part of a series of questions on technology ownership and use. **Rationale:** Literacy standards have risen dramatically during this century, and Oregonians' abilities to understand and use technology will be fundamental to functioning in the workplace and elsewhere. **Target:** Insufficient data for trend analysis. Target set by Oregon Progress Board. **Data source:** Oregon Population Survey, a random sample telephone survey of Oregon households conducted in even-numbered years.

32. Percentage Oregonians in the labor force who received at least 20 hours of skills training in the past year

Explanation: This measure replaces a previous benchmark gathered from a survey of Oregon employers, Oregon Works, in favor of all sources of training received, as reported by the employee or worker. The percentage of workers who receive 20 hours of training per year varies greatly by occupational group. For example, managers and professionals are far more likely to receive this amount than are machine operators and laborers. **Rationale:** Continuing learning is important to the Oregonians keeping their skills current and competitive in a rapidly changing economy. **Target:** Insufficient data for trend analysis. Target set by Oregon Progress Board. **Data source:** Oregon Population Survey, a random sample telephone survey of Oregon households conducted in even-numbered years.

CIVIC ENGAGEMENT

33. Percentage of Oregonians who volunteer at least 50 hours of their time per year to civic, community, or nonprofit activities

Rationale: This benchmark is intended to measure the extent to which Oregonians seek to improve the quality of life in their communities by actively participating in civic, community, and nonprofit activities. **Target:** Insufficient data for trend analysis. Target set by Oregon Progress Board. **Data source:** Oregon Population Survey, a random sample telephone survey of Oregon households conducted in even-numbered years. Data for 1992 are self-reported as hours per year. Data for 1994 are self-reported as hours per month and months per year.

34. Percentage of eligible Oregonians who vote

Explanation: This benchmark measures the extent to which Oregonians who are legally entitled to vote do so. In determining the number of Oregonians legally entitled to vote, the voting age population (age 18 and older) for the particular year are reduced by the estimated number of Oregonians who are ineligible to vote due to their status as non-citizens, institutionalized persons, imprisoned felons, or mobiles (insufficient time of residency). The benchmark data are not adjusted in any way to account for the number of Oregonians who were registered to vote in a given year. The number of Oregonians legally entitled to vote and the number of Oregonians who voted in a given year are calculated irrespective of the number of Oregonians who are registered in that year. **Target:** Aggressive-Negative method used. **Rationale:** Voting is one indication of public participation in the governmental process and overall civic involvement. **Data source:** Elections Division, Secretary of State's Office.

35. Percentage of Oregonians who feel they are a part of their community

Explanation: This is the percentage of Oregonians who feel strongly or somewhat a part of their community. **Target:** Insufficient data for trend analysis. Target set by Oregon Progress Board. **Rationale:** This is a measure of Oregonians' connection to their communities. **Data source:** Oregon Population Survey, a random sample telephone survey of Oregon households conducted in even-numbered years.

36. Percentage of Oregonians who understand the Oregon tax system and where tax money is spent

Explanation: This measures the percentage of Oregonians who know both the main source of state general fund revenues and the main category of state general fund expenditures. **Target:** Target set by Oregon Progress Board. **Data source:** Survey of State and Local Government Issues In Oregon, a mail survey conducted annually by Oregon State University.

37a. State and local taxes per capita as a percentage of 1990 (1995 dollars)

Explanation: This measure compares Oregon's per capita tax rates (adjusted for inflation) to the level of Oregon's per capita tax rates in 1990. **Rationale:** This measure seeks to balance Oregon's tax structure at a level that is assumed to be efficient, effective, and equitable. Since the passage of Ballot Measure Five in 1990, and Ballot Measure 47 in 1996, Oregon's tax system has changed drastically. This benchmark will help illustrate the effects of changing tax policies. **Target:** The Progress Board chose not to set targets. **Data source:** Legislative Revenue Office.

37b. Oregon's national rank in state and local taxes per capita

Explanation: This measure compares Oregon's per capita tax rates to those of other states. **Rationale:** Quality public goods and services, from education and utilities to wise resource management policies to enhancement of public health, require public investment. But well managed, responsive public agencies can meet these public demands at reasonable costs. Oregon's goal is to be the best performing state, providing high quality services at lower costs than other states. This measure seeks to balance Oregon's tax structure at a level that is assumed to be efficient, effective, and equitable. **Target:** The Progress Board chose not to set targets. **Data source:** Oregon Department of Revenue provided data from the Bureau of Census *Government Finances Series*.

38a. State and local taxes per \$1,000 of personal income as a percentage of 1990

Explanation: This measure compares the amount of money Oregonians pay in taxes relative to their income today compared to this same measure in 1990. Business taxes are included in this measure of taxes. Personal income is used as a measure of the economy. Therefore, this benchmark is more a measure of the burden of taxes on the economy than the tax burden on any individual Oregonian. **Rationale:** As with the previous benchmark, this measure seeks to balance Oregon's tax structure at a level that is assumed to be efficient, effective, and equitable. Since the passage of Ballot Measure Five in 1990, and Ballot Measure 47 in 1996, Oregon's tax system has changed drastically. This benchmark will help illustrate the effects of changing tax policies. **Target:** The Progress Board chose not to set targets. **Data source:** Legislative Revenue Office.

38b. Oregon's national rank in state and local taxes per \$1,000 of personal income

Explanation: This measure compares the amount of money Oregonians pay in taxes relative to their income. Business taxes are included in this measure of taxes. Personal income is used as a measure of the economy. Therefore, this benchmark is more a measure of the burden of taxes on the economy than the tax burden on any individual Oregonian. **Rationale:** Quality public goods and services, from education and utilities to wise resource management policies to enhancement of public health, require public investment. But well managed, responsive public agencies can meet these public demands at reasonable costs. Oregon's goal is to be the best performing state, providing high quality services at lower costs than other states. This measure seeks to balance Oregon's tax structure at a level that is assumed to be efficient, effective, and equitable. **Target:** The Progress Board chose not to set targets. **Data source:** Oregon Department of Revenue provided data from the Bureau of Census *Government Finances Series*.

39. Financial World Magazine's ranking of public management quality

Explanation: This is the ranking given by *Financial World* magazine in its annual report on state governments nation wide. **Target:** Aggressive-Negative method used. **Rationale:** This is one indication of the efficiency of state government. **Data source:** *Financial World Magazine*.

40. State general obligation bond rating (Standard and Poor's)

Explanation: This is the Standard and Poor's rating of the state general obligation bonds. **Target:** Standard-Positive method used. **Rationale:** This is one indication of how others perceive the financial soundness of the state. **Data source:** Standard and Poor's.

41. Oregon's national rank in per capita State arts funding

Explanation: This state funding benchmark measures Oregon's rank in per capita state funding for non-profit arts agencies. Research will continue into the sources and amounts of private arts funding. **Rationale:** While we are interested in total philanthropy (public and private) to the arts, only state funding has a reliable, comparable source. **Target:** Aggressive-Negative method used. **Data source:** Oregon Arts Commission.

42. Percentage of Oregonians served by a public library which meets minimum service criteria

Explanation: This benchmark measures the extent to which Oregonians are served by public libraries which meet minimum service criteria established by the Oregon State Library. For purposes of this benchmark, "served by" means residing in the service area of a legally established public library which receives tax support for providing service. As of 1995 approximately 5.5% of the total population of Oregon reside in areas where they are not taxed to support public library service. The "minimum service criteria" are: (1) The library is legally established and makes basic services available to citizens within its tax-supported service area without charge; (2) The library is open a minimum of 20 hours per week; (3) Staff consists of one paid staff person per 4,000 persons in service area or 0.5 FTE, whichever is greater and populations over 10,000 must have a full-time paid professional librarian (with a Master of Library Science); (4)

Collection is 5,000 books or one volume per capita, whichever is greater; (5) Children's programming is provided. **Rationale:** 65% of Oregon adults reported that they used a public library or a public library service in 1994. Public libraries make major contributions to achieving the Oregon Benchmarks by providing educational resources and services to preschool children, by providing information to students, businesses, and citizens, and by contributing to the quality of life in communities throughout Oregon. Benchmark targets will not be met until all Oregonians are served by a public library that meets the minimum standards established by the State Library. **Target:** Standard-Positive method used. **Data source:** Oregon State Library, *Oregon Public Library Statistical Report*.

SOCIAL SUPPORT

43. Pregnancy rate per 1,000 females ages 10-17

Explanation: The sum of resident live births and induced abortions among females ages 10-17 divided by the estimated population of females ages 10-17. The rate does not include spontaneous abortions and fetal deaths. The pregnancy rate includes live births to Oregon residents and abortions for Oregon residents regardless of where the abortion was performed. Out-of-state abortions for Oregon residents may be under-reported because some states, for example California, where Oregon residents go to have abortions, do not collect abortion reports. **Rationale:** Pregnancies among 10 through 17 year old girls result in poor maternal and neonatal outcomes more often than do pregnancies among adult women. Consequences may include prenatal and perinatal complications, difficulty with neonatal care, infant mortality, and disruption of maternal schooling. **Target:** Target set by Oregon Health Division. Targets are aggressive, but realistic because there are many programs, including a Governor's task force, related to preventing teen pregnancy. **Data sources:** *Oregon Vital Statistics Annual Report*, Center for Health Statistics, Oregon Health Division, Oregon Department of Human Resources; *Population Estimates for Oregon*, published annually by the Center for Population Research and Census, School of Urban and Public Affairs, Portland State University.

44. Percentage of babies whose mothers received early prenatal care (beginning in the first trimester)

Explanation: The number of resident live births to women who have prenatal care visits beginning in the first trimester divided by the total number of resident live births. **Rationale:** Early, high quality prenatal care is critical to improving pregnancy outcomes. Inadequate prenatal care is associated with increased incidence of low birth weight and infant mortality. The Institute of Medicine and the American Academy of Pediatrics both estimate that each dollar spent on prenatal care prevents the need to spend \$2 to \$10 on high technology care for low birth weight babies. **Target:** Targets set by Oregon Health Division. Targets are set to reflect the importance of this issue. **Data source:** Oregon Vital Statistics, Annual Report, published annually by the Center for Health Statistics, Oregon Health Division, Oregon Department of Human Resources.

45. Infant mortality rate per 1,000

Explanation: The number of infants who die (<365 days old) in a given year divided by the number of resident live births during the same calendar year. **Rationale:** The infant

mortality rate is a fundamental measure of health. It is associated with inadequate prenatal care, low birth weight, mother's age, and mother's educational attainment. **Target:** Standard-Positive method used. **Data source:** *Oregon Vital Statistics Annual Report*, published annually by the Center for Health Statistics, Oregon Health Division, Oregon Department of Human Resources.

46. Percentage of two-year-olds who are adequately immunized

Explanation: This benchmark measures the percentage of two-year-olds who have received a set of recommended immunizations by age two. **Rationale:** Immunization is an effective way to reduce health risks among young children. It is also an indicator of the care and attention parents pay their children. **Target:** Target set by Oregon Health Division. **Data source:** 1991, 1992, 1993 Oregon Health Division gathered these data retrospectively from a small random sample of children entering first grade. 1994 data come from the *Birth Certificate Base Survey*, using a sample of 2,538 children born in Oregon, requiring an 80% response rate. No survey was conducted in 1995. The 1996 survey is in process, using a sample size of 3,100 children, requiring a response rate of 80%.

47. Annual percentage of new HIV cases with an early diagnosis (before symptoms occur)

Explanation: The number of persons diagnosed with asymptomatic HIV disease divided by the total number of persons diagnosed with HIV during the calendar year. Race and ethnicity are mutually exclusive. **Rationale:** By measuring the proportion of HIV cases which are diagnosed before the onset of symptoms it is possible to assess the effectiveness of public health programs that encourage early diagnosis and implementation of effective prevention. **Target:** Standard-Positive method used. **Data source:** *Oregon HIV/AIDS Annual Report*, published annually by the HIV Program, Center for Disease Prevention and Epidemiology, Oregon Health Division, Oregon Department of Human Resources.

48. Percentage of adults who do not currently smoke tobacco

Explanation: The number of adults (18 years of age and over) who report that they do not now smoke cigarettes divided by the total number of survey respondents. **Rationale:** Tobacco use is responsible for approximately one of every five deaths in the United States and is the single most important preventable cause of death and disease in our society. **Target:** Target set based on Oregon Statewide Tobacco Prevention Plan. **Data source:** Behavioral Risk Factor Surveillance System (BRFSS), Center for Health Statistics, Oregon Health Division, Oregon Department of Human Resources.

49. Premature Mortality: Years of potential life lost before age 70 (rate per 1,000)

Explanation: Years of potential life lost (YPLL) quantifies premature mortality occurring in younger age groups by measuring the number of years between age at death and age 70. This composite figure first calculates the age-specific YPLL for each of seven age groupings 0-4, 5-14, 15-24, 25-34, 35-44, 45-54, 55-64, and 65-69 by taking the midpoint for each age group, subtracting from 70, and multiplying by the number of deaths in each age group. The resulting number for each age group is then divided by the age-specific population and

standardized (weighted) to an age-homogeneous hypothetical population of 1,000 people per every 10-year age group. Standardizing permits valid comparisons over time. The weighted numbers are summed across ages, then divided by seven (seven 10-year age groups). **Rationale:** This is a broad measure of those causes of death which primarily affect younger Oregonians and thus is our best measure of premature, or avoidable deaths in Oregon. **Target:** Standard-Positive method used. **Data sources:** *Oregon Vital Statistics Annual Report*, published annually by the Center for Health Statistics, Oregon Health Division, Oregon Department of Human Resources; *Population Estimates for Oregon*, published annually by the Center for Population Research and Census, School of Urban and Public Affairs, Portland State University.

50. Percentage of adults whose self-perceived health status is very good or excellent

Explanation: The number of adults (18 years of age and over) who report that their general health is very good or excellent divided by the total number of survey respondents. **Rationale:** This measure provides an overall indicator of health status and is strongly associated with a person's objective health status (Hennessy C.H., et al. Measuring Health-Related Quality of Life for Public Health Surveillance. *Public Health Reports*. 1994, 109 (5):665-672; Current Trends: Quality of Life as a New Public Health Measure- Behavioral Risk Factor Surveillance System, 1993. *MMWR*. 1994, 43 (20):375-380). **Target:** Targets set by Oregon Health Division. Targets are based on a 1% change per year because the benchmark has changed little since 1993. Also self-perceived health status likely will not improve much as the population ages and life expectancy increases. 2000 target set assuming a 5% change from 1995 to 2000. 2010 target set assuming a 10% change from 2000 to 2010. **Data source:** Behavioral Risk Factor Surveillance System (BRFSS), Center for Health Statistics, Oregon Health Division, Oregon Department of Human Resources.

51. Percentage of families for whom child care is affordable

Explanation: This is the percentage of families using paid child care in Oregon who spend less than 10% of their income for that care. Two factors are used to calculate this benchmark: household income and child care expenditures. **Rationale:** Affordability of child care limits access to quality child care. The cost of care relative to household income impacts families more than the absolute cost of care. 59% of households earning less than \$25,000 per year spend more than 10% of their income for that care, compared to 11% of those households with incomes of \$45,000 or more. The affordability concerns are greatest in lower income households. **Target:** Insufficient data for trend analysis. Target set by the Child Care Division of the Oregon Employment Department. The rationale for targeting gradual progress is very important, for increasing affordability can have negative consequences. The danger inherent in increasing affordability is that without an influx of new resources it is likely to result in a corresponding decrease in quality, for quality child care cannot be provided cheaply. Quality of child care must be protected because of its direct correlation to developmental outcomes for children. **Data source:** Child Care Division of the Oregon Employment Department.

52. Number of identified child care slots available for every 100 children under age 13

Explanation: "Child care slots" are the number of children which unrelated individual and institutional child care providers in Oregon have the capacity to serve. "Identified" child care slots are those that are known to local child care resource and referral agencies. **Rationale:** This benchmark estimates supply of child care. It is based on national experience that 25 child care slots per 100 children under 13 is the ideal balance between supply and demand of child care. **Target:** Standard-Positive method used. **Data source:** Child Care Division of the Oregon Employment Department.

53. Percentage of 8th grade students who used: (a) Alcohol in the previous month (b) Illicit drugs in the previous month (c) Cigarettes in the previous month

Explanation: This measures the percentage of eighth grade students who report they have used alcohol, illicit drugs or cigarettes in the past month. The estimates of alcohol, illicit drugs and cigarette use are available at the state and regional level for the 8th and 11th grade students. The illicit drug index is not computed for the 6th grade students since they are asked only about marijuana and inhalant use. However, regional data is available for each of the respective substances, including school and tobacco products. **Rationale:** Use of alcohol, illicit drugs, and cigarettes is linked with many poor outcomes, including increased incidence of drug dependence, increased property crime, and a variety of health risks. **Target:** 2000 target set by the Office of Alcohol and Drug Abuse Programs. 2010 target set using Aggressive-Negative method. **Data source:** This information is collected in the *Oregon Public School Drug Use Survey*, conducted in even-numbered years for the Office of Alcohol and Drug Abuse Programs, Department of Human Resources.

54. Number of children abused or neglected per 1,000 persons under 18

Explanation: This reflects the reported number of children who are abused, neglected (physically and mentally), and abandoned per 1,000 children under 18. **Rationale:** Child abuse and neglect is linked to immediate stresses on families, including single parent families, unemployment, and drug and alcohol abuse. It is linked to many social problems in later life, including teen pregnancy, crime, and drug and alcohol abuse. Children with disabilities are an additional family stress indicator. Data from the National Center on Child Abuse and Neglect shows that children with disabilities are maltreated 1.7 times the rate of other children. **Target:** Standard-Positive method used. **Data source:** State Office for Services to Children & Families, Research Unit, Department of Human Resources.

55. Reported elder abuse rate per 1,000

Explanation: This benchmark includes substantiated and partially substantiated reports of all types of abuse (physical, financial, neglect, abandonment). While it is an imperfect measure, it is the best information available. **Rationale:** This benchmark demonstrates public awareness of elder abuse and is an indicator of the safety of seniors. **Target:** Insufficient data for trend analysis. Target set by Senior and Disabled Services Division. **Data source:** Senior and Disabled Services Division, Department of Human Resources.

56a. Percentage of infants whose mothers used alcohol during pregnancy (self-reported by mother)

Explanation: The number of infants (resident live births) whose mothers report that they used alcohol during pregnancy divided by the total number of resident live births. **Rationale:** Intrauterine exposure to large amounts of alcohol is associated with fetal alcohol syndrome, which includes a wide variety of abnormalities. As few as two drinks per day during early pregnancy may be associated with recognizable abnormalities. There is no known safe lower threshold of alcohol use during pregnancy. **Target:** Year 2000 target set based on national data. Year 2010 target set at 20% below national levels. **Data source:** *Oregon Vital Statistics Annual Report*, published annually by the Center for Health Statistics, Oregon Health Division, Oregon Department of Human Resources.

56b. Percentage of infants whose mothers used tobacco during pregnancy (self-reported by mother)

Explanation: The number of infants (resident live births) whose mothers report that they used tobacco during pregnancy divided by the total number of resident live births. **Rationale:** Tobacco use is associated with low birth weight and its complications. As with alcohol, there is no known lower threshold of safe tobacco use during pregnancy. **Target:** Year 2000 target set based on national data. Year 2010 target set at 20% below national levels. **Data source:** *Oregon Vital Statistics Annual Report*, published annually by the Center for Health Statistics, Oregon Health Division, Oregon Department of Human Resources.

57. Percentage of Oregonians with incomes below 100% of the federal poverty level

Explanation: This is a measure of the percentage of the population which is above the federal poverty level. **Rationale:** This benchmark measures the percentage who are able to maintain incomes above the federal poverty level. Inclusion of this benchmark highlights Oregon's efforts to increase the skills and employability of those in poverty and to add them to the work force in jobs that provide incomes greater than the poverty level. **Target:** Aggressive-Negative method used. **Data source:** 1980 data come from the 1980 Decennial Census. 1990-1996 data come from the *Oregon Population Survey*, a random sample telephone survey of Oregon households conducted in even-numbered years.

58. Percentage of Oregonians without health insurance

Explanation: The purpose of this benchmark is to measure affordability and cost as barriers to Oregonians' access to health care services and facilities. Currently, this measures the percentage of Oregonians who report being covered by health insurance. The targets anticipate implementation of the Oregon Health Plan. **Rationale:** Use of the insurance-related benchmark should not be interpreted to mean that the insurance model is presumed to be the best way to increase the number of Oregonians with economic access to health care. Lack of access to health care threatens both health and self-sufficiency, and imposes greater future costs on all Oregonians. Those who do not seek health care when they first need it risk developing much more serious problems or health emergencies through delay. **Target:** Standard-Positive method used. **Data source:** *Oregon Population Survey*, a random sample telephone survey of Oregon households conducted in even-numbered years.

59. Number of Oregonians who are homeless on any given night

Explanation: This benchmark measures the number of Oregonians who are without fixed nightly shelter. The benchmark data are based on one-night survey counts of individuals in or turned away from homeless shelters on one night in November. One night shelter counts capture only a fraction (about one-tenth) of the total number of people who are homeless annually. **Target:** Standard-Negative method used. **Rationale:** This is an indicator of basic welfare of Oregonians. **Data source:** Oregon Housing and Community Services Department, one night shelter counts.

60. Percentage of current court-ordered child support paid to families

Explanation: This benchmark measures the percentage of current court-ordered support which is actually paid to those who request it. **Rationale:** When children living in single parent households are denied financial support from absent parents, they are more likely to be living below the poverty level. Because the service from the Support Enforcement Division (the source of this data) and the county district attorneys is free, it is assumed that nearly all families who need child support services are counted. **Target:** Target set by Support Enforcement Division based on the knowledge that some share of the population will not be paying support (e.g. cannot be located, or unable to work). **Data source:** Support Enforcement Division, Department of Justice.

61. Percentage of seniors living independently

Explanation: This measure estimates the percentage of Oregonians ages 65 and older that are living independently (outside of institutional settings). **Rationale:** The ability to live independently is a fundamental issue of dignity and choice to Oregon seniors. **Target:** Standard-Positive method used. **Data source:** Senior and Disabled Services Division, Department of Human Resources.

62. Percentage of Oregonians with a lasting developmental, mental and/or physical disability who work

Explanation: This measures the share of Oregonians with developmental, mental and/or physical disabilities who work. **Rationale:** Employment is one step toward independence, and most individuals with disabilities are able to work with adequate supports. **Target:** Insufficient data for trend analysis. Target set assuming access to appropriate supports. **Data source:** *Oregon Population Survey*, a random sample telephone survey of Oregon households conducted in even-numbered years.

63. Percentage of Oregonians with a lasting developmental, mental and/or physical disability living in households with incomes below the federal poverty

Explanation: This measures the share of Oregonians with developmental, mental and/or physical disabilities who are living in households with incomes below 100% of the federal poverty level. **Rationale:** As more disabled Oregonians become employed, their economic status should improve as well. **Target:** The Oregon Progress Board chose not to set targets. **Data source:** *Oregon Population Survey*, a random sample telephone survey of Oregon households conducted in even-numbered years.

PUBLIC SAFETY

64. Overall reported crimes per 1,000 Oregonians

Explanation: This is a measure of overall reported crimes reported to law enforcement agencies in Oregon during a calendar year per 1,000 Oregon population. **Rationale:** Reported crimes are one measure of the actual amount of this activity present in the community at large. The ratio of reported crimes to population controls for real changes in the population of the state. **Target:** Aggressive-Negative method used. **Data Source:** Uniform Crime Reporting program of the Oregon Department of State Police. Population estimates are provided by the U.S. Census. Population estimates are provided either by official census or estimates by Portland State University, Center of Population Research and Census.

65. Total juvenile arrests per 1,000 juvenile Oregonians per year

Explanation: These are measures of juvenile criminal arrests reported by law enforcement agencies in Oregon during a calendar year per 1,000 Oregon juvenile population. Reported offenses by juveniles are not possible since victims rarely know the age of the perpetrator. Juveniles are considered any individual less than 18 years old at the time of the arrest. Any court data used in conjunction with this measure will reflect a somewhat different pattern since age at the time of the commission of the offense is the determining factor for placement in the juvenile category. **Target:** Aggressive-Negative method used. **Rationale:** Juvenile arrests represent a measure of the extent to which younger Oregonians are engaging in unacceptable and illegal activity. The true measure is not reflected in the current methodology since it is represented only by arrests. The ratio of juvenile arrests to juvenile population controls for real changes in the juvenile population of the state. **Data Source:** Uniform Crime Reporting program of the Oregon Department of State Police. Population estimates are provided by the U.S. Census. Population estimates in non-census years are provided by Center of Population Research and Census, Portland State University.

66. Percentage of students who carry weapons

Explanation: The number of Youth Risk Behavior Survey respondents in grades 9-12 who report carrying a weapon (such as a gun, knife, or club) within 30 days of the survey divided by the total number of survey respondents. **Rationale:** Weapon-related violence among adolescents is an increasingly important issue. School safety is addressed in goal six of the National Education Goals. **Target:** Target set by the Oregon Health Division. Targets based on percentage change in Healthy People 2000 Objective 7.10, rather than change in Oregon data. Oregon data should not be compared because of methodological differences between the 1993 and 1995 YRBS. 2000 target set assuming a 20% change from 1995 to 2000. 2010 target set assuming a 40% change from 2000 to 2010. **Data source:** Youth Risk Behavior Survey, Center for Health Statistics, Oregon Health Division, Oregon Department of Human Resources.

67. Percentage of paroled offenders convicted of a new felony within three years of initial release

Explanation: Criminal recidivism is measured by the percentage of paroled offenders who are convicted of a new felony crime within three years. Data reflect the percentage of paroled offenders initially released from prison three years prior to the given year who are convicted of a new felony

within three years. (e.g. 1990 data reflect the percentage of paroled offenders in 1987 who committed a new crime within three years.) **Target:** Target based on national data showing that the lowest recidivism rate among comparable states was 27%. **Rationale:** This is a critical measure of public safety and our ability to help felons succeed in the community. **Data source:** Oregon Department of Corrections Offender Profile System. Table: Cumulative Percentage of New Felony Convictions After First Parole Release.

68. Percentage of counties that have completed a strategic cooperative policing agreement

Explanation: This is a measure of statewide development of cooperative policing agreements. Many counties are in the process of developing agreements, however this benchmark only measures those that have actually signed an agreement. Note, there are city and county law enforcement leaders that believe the existing long-term, informal agreements currently operating within their jurisdictions are sufficient. **Rationale:** Achievement of this benchmark will help improve public safety in communities statewide, making them more responsive, more effectively linked with related efforts, and outcomes driven. **Target:** Insufficient data for trend analysis. Target set by Oregon State Police. **Data source:** Oregon State Police

69. Percentage of Oregon counties with the capability to respond to an emergency, and to assist communities to recover fully from the effects

Explanation: To meet the criteria for this benchmark a county must, 1) have a minimum emergency operations plan, and 2) meet three of the five remaining categories (recent hazard analysis, all-hazards EOP, up-to-date emergency management organization, adequate EM training (20 hours/year), and on-going exercise program). **Rationale:** This benchmark assesses how well counties are prepared to coordinate the response to and recovery from a natural or other disaster. **Target:** Standard-Positive method used. **Data source:** Oregon Emergency Management, Oregon State Police.

COMMUNITY DEVELOPMENT

70. Percentage of miles of limited-access highways in Oregon urban areas that are heavily congested during peak hours

Explanation: This benchmark measures the extent to which the interstate highways and freeways in Oregon's urban areas are heavily congested during rush hours. Data indicate the percentage of urban freeways having a volume service flow ratio of more than 0.71 or more. The FHWA data indicate that 12 miles were added to Oregon's urban freeway system between 1992 and 1993. All data listed are still comparable. **Rationale:** Congestion exacts a toll in terms of driver frustration, lost work time, more air pollution, more gasoline use, and higher cost of goods and services. **Target:** Target set based on Oregon Transportation Initiative methodology (maintain 1994 levels of congestion despite growth). **Data source:** Oregon Department of Transportation, FHWA, Highway Statistics.

71. Percentage of Oregonians served by public drinking water systems that meet health-based standards

Explanation: This benchmark measures the population served by public drinking water systems that meet all maximum levels (including treatment level requirements) for the listed contaminants continuously during the year. For purposes of this benchmark, we measure both community

systems and nontransient noncommunity systems, as well as transient noncommunity systems serving over 500 people per day. This benchmark measures only health-based requirements (in order of risk): (a) E. Coli (or fecal coliform) bacteria maximum levels, (b) Surface water treatment performance levels-Failure to meet minimum filtration treatment (95% turbidity levels)-Failure to meet disinfection treatment levels (CxT), (c) Nitrate/Nitrite maximum levels (d) Chemical/Radiological maximum levels, (e) Lead action level (confirmed), (f) Total coliform bacteria maximum levels, (g) Copper action level (confirmed). The data reflect cumulative numbers for each full calendar year. Note that new and revised standards scheduled to take effect in future years may cause short-term declines in the benchmark population as new water quality problems are identified (examples are radon, arsenic, disinfection by-products). **Rationale:** Healthy drinking water is crucial to the well being of the citizens of a community. **Target:** Insufficient data for trend analysis. Target set by Oregon Health Division. **Data source:** Oregon Health Division, Drinking Water Section, Department of Human Resources.

72. Percentage of Oregonians with sewage disposal that does not meet government standards

Explanation: This benchmark measures the extent to which Oregonians' means of sewage disposal do not meet government standards. **Rationale:** Inability to provide proper sewage disposal results in a threat to the health of those affected and a barrier to further development in the area. **Target:** Standard-Positive method used. **Data source:** Oregon Department of Environmental Quality, *Sewage Need Survey*.

73. Percentage of Oregonians who commute to and from work during peak hours by means other than a single occupancy vehicle

Explanation: This benchmark measures the extent to which Oregonians get to work during peak hours by means other than driving alone. For purposes of this benchmark, "traveling to and from work" means commuting by car pool, transit, taxi, bicycle, foot, or other means, as well as working in one's home. **Rationale:** A major source of congestion and air pollution is people who drive alone to work. **Target:** Standard-Positive method used. **Data source:** Oregon Population Survey, a random sample telephone survey of Oregon households conducted in even-numbered years.

74. Vehicle miles traveled per capita in Oregon metropolitan areas (per year)

Explanation: This benchmark measures the per capita vehicle miles traveled annually in Clackamas, Multnomah, Washington, Marion, Polk, Lane, and Jackson Counties. **Rationale:** The State Transportation Planning Rule requires metropolitan areas -- Portland, Salem, Eugene, and Medford -- to adopt plans to reduce vehicle miles traveled over the next 30 years. Benchmark targets reflect implementation of the rule. These targets may be achieved through increased car pooling, increased use of mass transit, and pedestrian friendly urban design. **Target:** Assumes Transportation Planning Rule is successfully implemented. **Data source:** Oregon Department of Transportation.

75. Percentage of Oregon households with personal computers at home that send and receive data and information over telecommunications

Explanation: This measures the number of households with computers and modems (which connect a computer to the phone system). **Rationale:** As the costs of manipulating and transmitting data declines, more and more households will benefit from access to data bases, electronic mail and other electronic services. The more people who connect into these services, the more data bases and opportunities for communications will emerge. A telecommunications task force recently concluded that accelerating this process will increase productivity and benefit Oregonians. **Target:** Target set by Oregon Progress Board. **Data source:** 1992, Oregon Values Study conducted for the Oregon Business Council. 1994 and 1996, the Oregon Population Survey, a random sample telephone survey of Oregon households conducted in even-numbered years.

76. Real per capita state and local expenditures for capital outlay (1995 constant dollars)

Explanation: Public facilities include, for example, equipment, land, schools, roads, hospitals, libraries, police, parks, and sewers constructed by the public sector. **Rationale:** Public facilities are public goods and services that are intended to help the state to meet its needs and achieve its goals in the most efficient, effective, and equitable manner possible. Oregon must maintain its overall investment in public facilities and services if it is to continue to meet its needs and achieve its goals. The benchmark focuses attention on the level of investment in public infrastructure in Oregon. **Target:** The Progress Board chose not to set targets. **Data source:** Government Finances, U.S. Department of Commerce, Bureau of the Census. Consumer Price Index for the Portland Metropolitan area used to convert figures to 1990 dollars.

77. Percentage of households that are owner-occupied

Explanation: This measures the percentage of Oregonians that report owning their own home, either with a mortgage or free and clear. **Rationale:** This is a measure of the distribution of wealth of Oregonians. The home is the single greatest asset most people will acquire. **Target:** Standard-Positive method used. **Data Source:** 1980 Census of Population and Housing. Data for 1990-1996 is collected through the Oregon Population Survey, a random sample telephone survey of Oregon households conducted in even-numbered years.

78. Percentage of Oregon households below median income spending more than 30% of their household income on housing (including utilities): (a) Home renters and (b) home owners

Explanation: A housing affordability rule of thumb says the proportion of a household's income spent on rent or mortgage payments and other housing expenses should be less than 30%. **Rationale:** Today, many low-income households pay a large portion of their income on housing-related costs, leaving too little money for food, child care, health services, and other necessities. **Target:** Standard-Negative method used. **Data source:** Oregon Housing and Community Services Department. The 1990 benchmark is from 1990 U.S. Census Bureau reports. Data for non-census years is collected through the Oregon Population Survey, a random sample telephone survey of Oregon households conducted in even-numbered years.

ENVIRONMENT

79. Percentage of Oregonians living where the air meets government ambient air quality standards

Explanation: This benchmark measures the percentage of the population living in areas that exceed the criteria for healthy air for some portions of the year. The data are based on monitoring of Oregon airsheds for carbon monoxide, ozone, fine particulates, and other pollutants. New air quality standards and monitoring data in the future will likely require adjustment of the benchmark data. The current data reflect a three-year average. **Rationale:** Good air quality is fundamental to the health of Oregonians. **Target:** Standard-Positive method used. **Data source:** Air Quality Division, Oregon Department of Environmental Quality.

80. Carbon dioxide emissions as a percentage of 1990 emissions

Explanation: This benchmark measures carbon dioxide (CO₂) emissions in the state relative to 1990 emissions. The goal is to stabilize emissions at the 1990 level of 33.8 million metric tons. **Rationale:** Most leading atmospheric scientists predict that increasing emissions of greenhouse gases will raise the earth's average temperature by 2°F to 5°F before the end of the next century. There is uncertainty about the rate of change and the consequences of such change. Nevertheless, prudent policy supports the need to buy insurance against the potentially large costs of climate change. Many of the actions that will have to be taken to reduce greenhouse gas emissions are the responsibility of individuals, businesses, local governments, and states. **Target:** Standard-Negative method used. **Data source:** Oregon Office of Energy.

81. Percentage of Oregon wetlands in 1990 still preserved as wetlands

Explanation: This benchmark measures the extent to which Oregon's wetlands in 1990 are still wetlands. The unit of measure is acres of wetlands identified as such by the Oregon Division of State Lands. Over the last three years there has been no net loss of wetlands allowed through the permitting process. Permit records show that mitigation has achieved full replacement since 1993. Monitoring of these efforts has shown that there is a slight loss of wetland area when projects are implemented. The losses are more than made up by wetland restoration projects. **Target:** Standard-Positive method used. **Rationale:** Wetlands provide important habitat for plants, animals and insects. Wetlands also promote recharge of groundwater, dissipate flood waters, and stabilize stream banks. Wetlands improve water quality by filtering sediments and pollutants. **Data source:** Oregon Division of State Lands, Environmental Planning and Permits Section.

82. Stream water quality index: Percentage of monitored stream sites with significantly increasing (decreasing) trends in water quality

Explanation: The water quality index (WQI) analyzes a defined set of water quality parameters and produces a score describing general water quality. The water quality parameters included in the WQI are: temperature, dissolved oxygen (percent saturation and concentration), biochemical oxygen demand, pH, total solids, ammonia and nitrate nitrogens, total phosphorous, and fecal coliforms. WQI scores range from 10 (worst case) to 100 (ideal water quality). The Department of Environmental Quality Laboratory maintains a large network

of ambient water quality monitoring sites. Monitoring sites are representative of Oregon streams, including pristine waters and highly impacted waters. For the benchmark, WQI results are calculated on all samples at these sites. Using ten years of these data, each site with sufficient data is analyzed for the presence of significantly increasing or decreasing trends. The Seasonal-Kendall test (WQHYDRO) is used for trend analysis to ensure that the significant trends that exist are not due to normal meteorological conditions or drought cycles. Significant trends are reported at the 80% or greater confidence level. Of these significant trends, the percentages of increasing and decreasing trends are reported for the benchmark. The percentage is calculated as the ratio of the number of stream monitoring sites with significantly increasing (or decreasing) trends to the total number of stream monitoring sites with sufficient data for trending. **Target:** Insufficient data for trend analysis. Target suggested by Department of Environmental Quality. **Rationale:** Clean rivers and lakes are essential to providing water that is safe for drinking, recreation, and fish and wildlife. **Data source:** Water Quality Control Division, Oregon Department of Environmental Quality.

83. Percentage of assessed groundwater that meets drinking water standards

Explanation: This measure identifies the cumulative percentage of the assessed area where the groundwater quality exceeds one of the safe drinking water standards (Federal Maximum Contaminant Levels (MCL's)). In 1996, groundwater was used in 20.8% of the state's total land area or 20,100 square miles (based on well logs recorded with the Department of Water Resources). The state has assessed 30% of the area where groundwater was in use. Groundwater was considered assessed in a section if one or more wells were sampled and one or more chemicals were analyzed. It is unlikely that 100% of the state's groundwater will ever be assessed. The state focuses its assessment efforts in areas where groundwater is being used and where there is a potential for groundwater contamination. Groundwater with varying yields underlies most of the state's land area and the state has limited resources for assessing groundwater quality. Additionally, many of the state's assessments are long term trend studies conducted in priority areas. The measure represents area-wide groundwater quality assessment, not assessments related to site-specific considerations, such as permitted facilities, environmental cleanup or spills. Improvement in the benchmark will be slow, because groundwater once contaminated takes decades to cleanse itself. **Target:** Suggested by Department of Environmental Quality. **Rationale:** Drinking water is considered one of the highest beneficial uses of groundwater; therefore drinking water standards were chosen as the measurement criteria. It should be noted that groundwater provides other beneficial uses besides drinking water, such as irrigation, municipal and industrial uses and base flow for most streams and rivers. Additionally, there are areas of the state which show groundwater contamination from human activities. However, the contamination is still within drinking water standards, but above natural background concentrations. At present, the assessment is based primarily on nitrate levels which are more prevalent in groundwater throughout the state than any other constituent and relatively easy to measure. (Nitrate causes Methemoglobinemia in infants below six months of age and can also be a danger for pregnant or nursing women.) **Data Source:** Oregon Department of Environmental Quality

84. Percentage of key rivers meeting instream water rights (a) nine or more months of the year (b) 12 months a year

Explanation: This benchmark measures the extent to which in-stream flows on selected key rivers and streams meet identified needs for fish life, water quality, recreation and other public uses. Statistics for 1994 are based on USGS stream flow records. **Rationale:** In 1987, the Oregon Legislature authorized establishment of in-stream water rights to support public uses in streams and lakes. The law also authorized the lease, purchase or gift of existing water rights for conversion to in-stream use. The extent to which in-stream flows are met is a measure of the quality of life in Oregon which is characterized by high values placed on fish habitat, fishing, water quality, clean and abundant water supplies and outdoor recreation. **Target:** Target set by the Oregon Water Resources Department. **Data source:** Technical Services Division, Oregon Water Resources Department.

85. Percentage of Oregon agricultural land in 1970 still preserved for agricultural use

Explanation: This benchmark measures the extent to which private Oregon land used for agriculture in 1970 is still used for agricultural uses. For purposes of this benchmark, "agricultural land" means acres of crop land, pasture land, and range land regardless of whether such land is being actively used for such purposes, is fallow, or is enrolled in a government set-aside program. The benchmark targets are extrapolated from reported data for 1982 and 1992. The estimated amounts of agricultural land correspond to the average annual decrease that occurred from 1982 to 1992. The estimated actual amounts of agricultural land in Oregon, in millions of acres, are as follows: 1970, 15.9; 1980, 15.8; 1982, 15.7; 1990, 15.6; 1992, 15.6; 1995, 15.5; 2000, 15.5; 2010, 15.4. **Rationale:** State policy is to preserve productive agricultural lands. Much of the decrease in agricultural land is due to urbanization. **Target:** Target set to maintain current levels. **Data source:** Natural Resource Inventory (NRI), U.S. Department of Agriculture, Natural Resources Conservation Service. The next complete inventory will be in 2002.

86. Percentage of Oregon forest land in 1970 still preserved for forest use

Explanation: This benchmark measures the extent to which public and private Oregon land in forest use in 1970 is still in forest use. For purposes of this benchmark, "forest land" means acres of forested land where the dominant uses are for timber, watershed, wildlife, or recreation. The estimated actual amounts of forest land in Oregon, in millions of acres, are as follows: 1970, 30.3; 1980, 29.5; 1990, 27.8; 1992, 27.8; 1994, 27.8; 1995, 27.5; 2000, 27.5; 2010, 27.3 **Target:** Standard-Negative method used. **Rationale:** State policy is to conserve healthy forest lands. **Data source:** Oregon Department of Forestry.

87. Pounds of Oregon municipal solid waste landfilled or incinerated per capita

Explanation: This benchmark measures the extent to which Oregon reduces municipal solid waste through recycling, product packaging requirements, or other means. **Rationale:** Recycling and reuse saves resources, landfill space, and reduces air and water pollution. **Target:** Aggressive-Positive method used. **Data source:** Oregon Department of Environmental Quality, Waste Management and Cleanup Division.

88. Percentage of identified Oregon hazardous waste sites cleaned up or being cleaned up: (a) Tank sites, (b) Other hazardous substances

Explanation: This benchmark measures the extent to which sites on the Oregon Department of Environmental Quality's (DEQ) inventory of hazardous waste sites in Oregon have been cleaned up or are proceeding toward cleanup in compliance with a plan and schedule approved by DEQ. The inventory consists of those sites where releases of one or more hazardous substances has been confirmed and where cleanup is required. As new sites are discovered, the benchmark may be modified prospectively and retrospectively. **Target:** Changing denominator makes trend analysis difficult. The inability to know how many contaminated sites exist makes projecting targets for future years difficult. The length of time it takes to clean up hazardous substance sites varies anywhere from six months to 30+ years. Cleanup completion is often not able to be predicted until well into the investigation. Target suggested by Department of Environmental Quality. **Rationale:** If not controlled, hazardous wastes can contaminate groundwater and surface waters, harming fish and wildlife and threatening human health. **Data source:** Hazardous and Solid Waste Division, Oregon Department of Environmental Quality.

89. Percentage of wild salmon and steelhead populations in key sub-basins that are at target levels

Explanation: This measures the change in stock in populations of wild salmon and steelhead. The key sub-basins are the Willamette (including the McKenzie), Clackamas, Deschutes, John Day, Grande Ronde, Salmon, North Oregon Coast, and the South Oregon Coast. **Rationale:** Increasing the stock of wild salmon and steelhead helps assure healthy and diverse fish populations. **Target:** 2000 target suggested by Department of Fish and Wildlife. 2010 target straight line extrapolation from 2000 target. **Data source:** Oregon Department of Fish and Wildlife.

90. Percentage of native fish and wildlife species that are healthy

Explanation: As of December 1996, there are known 557 wildlife and 68 fish species in Oregon. (Records show four wildlife and one fish species are extirpated from Oregon.) The threatened, endangered, and sensitive species are those classified as such under federal and state listings. "Uncertain status" is when the majority of the populations have unknown (or uncertain) status. **Target:** Suggested by Department of Fish and Wildlife. **Rationale:** This benchmark addresses the extent to which natural habitat is sufficient for sustaining native mammal, bird, reptile, amphibian, and fish species. **Data source:** Oregon Department of Fish and Wildlife.

91. Percentage of native plant species that are healthy

Explanation: This benchmark is based on a report, Rare, Threatened, and Endangered Plants and Animals of Oregon, a document prepared by Oregon Natural Heritage Program, Oregon Department of Agriculture, Oregon Department of Fish and Wildlife, Division of State Lands, and Oregon Natural Heritage Advisory Council. There are approximately (known) 3,370 flora species in Oregon. **Rationale:** This benchmark addresses the extent to which natural habitat is sufficient for sustaining native plant species. **Target:** Standard-Positive method used to set the 2000 target. The 2010 target was set by the Oregon Natural Heritage Program. **Data source:** Oregon Natural Heritage Program.

92. Acres of state-owned parks per 1,000 Oregonians

Explanation: This benchmark compares the total acreage of state owned parks to Oregon's total population. *Rationale:* The demand for recreational opportunities is growing rapidly. For example, in 1988-1989, the tally of state park visits was nearly 40 million, double the number two decades earlier. *Target:* Standard-Negative method used. *Data source:* Oregon Department of Parks and Recreation.

TARGET SETTING METHODS

Standard-Positive (for positive trending Benchmarks)

Establish the percentage change using the longest data time series available (starting with either 1980 or 1990). Apply percentage change to the most recent data to set the 2010 target. Assume a straight line between 2010 and most recent data to set interim target. If 2010 target is better than the current value for the best state in the nation, the value for the best state is substituted. This method is applied to Benchmarks that have shown satisfactory progress.

Standard-Negative (for negative trending Benchmarks)

Return to best level in time series by 2000. Improve by 0% between 2000 and 2010.

Aggressive-Positive (for positive trending Benchmarks)

Establish the percentage change using the longest data time series available (starting with either 1980 or 1990). To set the 2010 target, apply this percentage change to the most recent data, then double that value and add it to the most recent data. Assume a straight line between 2010 and most recent data to set interim target. This method is applied to Benchmarks that have shown unsatisfactory progress or Benchmarks that have been targeted for special attention by state government.

Aggressive-Negative (for negative trending Benchmarks)

Return to best level in time series (either 1980 or 1990) by 2000. Improve by 20% between 2000 and 2010.

APPENDIX B — ACKNOWLEDGMENTS

Scores of Oregonians were involved in the development of this report. Writers, editors, Task Force members, Task Force staff, researchers, facilitators and meeting organizers were all critically important to its development. And literally hundreds of Oregonians provided written and oral comments that shaped the direction and recommendations contained herein. We are particularly grateful to the many Oregonians who volunteered their time to contribute to this work.

Jeffrey Tryens, executive director of the Oregon Progress Board, managed the project and Gerald Kissler, senior vice-provost of the University of Oregon was the principal researcher and writer. Oregon Progress Board Data Analyst Deirdre Molander coordinated the development of the Benchmark assessment sections of the report. Janelle Schmidt was the principal drafter of the “Healthy, Sustainable Surroundings” chapter and Steve Robinson provided valuable drafting and editing assistance.

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Oregon Shines Task Force sub-committee staff gathered and drafted recommendations regarding Benchmark changes. They are: Paul Burnet, Department of Environmental Quality; Andy Clark, State System of Higher Education; Ron Fox, PacifiCorp; Bill Marble, Department of Revenue; Rick Munford; Oregon Department of Transportation; Bob Smit, Oregon State Police; Sue Smit, Department of Human Resources (formerly). Peggidy Yates also assisted in organizing the Business Development recommendations. Thanks to them and their respective directors for making their valuable time available.

Meeting logistics were handled by Charlotte

Hartwig. Dotten & Associates were responsible for meeting outreach. Alice Galloway managed press relations. And Progress Board Secretary Zoë Johnson provided overall administrative support.

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**APPENDIX C — OREGON SHINES
TASK FORCE**

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OREGON SHINES II:

Updating Oregon's Strategic Plan

APPENDIX D — MEETINGS RELATED TO *OREGON SHINES* UPDATE

***Oregon Shines* Update Regional Meetings (by county)**

June 6 — Eugene
Douglas, Lane

June 10 — Grants Pass
Coos, Curry, Jackson, Josephine, Klamath

June 14 — Oregon City Metro I
Clackamas, Multnomah, Washington, Yamhill

June 19 — La Grande
Baker, Grant, Union, Wallowa

June 24 — Bend
Crook, Deschutes, Jefferson

July 12 — Portland Metro II
Clackamas, Multnomah, Washington, Yamhill

July 23 — Burns
Harney, Lake, Malheur

July 25 — Salem
Benton, Linn, Marion, Polk

July 26 — The Dalles
Gilliam, Hood River, Morrow, Sherman
Umatilla, Wasco, Wheeler

July 31 — Tillamook
Clatsop, Columbia, Lincoln, Tillamook

Oregon Benchmarks Assessment Meetings (by topic)

June 5 — Woodburn
Public Safety

June 26 — Salem
Independence & Productivity

June 27 — Portland
Education

July 2 — Salem
Healthy Environment

July 16 — Wilsonville
Business Development

July 24 — Salem
Community Development

July 30 — Salem
Governance

APPENDIX E — LOCAL OPTION: GIVING BACK LOCAL CONTROL

Most Oregonians have realized that 1990 Measure 5 changed more than their property tax bills. It created a state-funded system that has in effect made K-12 education a state agency. There have been increasing numbers of conversations among legislators about the need to make local districts more accountable to the Legislature regarding what they are doing with the dollars they are given. Measure 5 also placed a heavy demand on the State General Fund as it required backfill for lost property tax revenue. This has translated into hard-fought battles over those resources among K-12 human services, public safety and higher education. The passage of Measure 47 will only exacerbate the shift of control to the state, and expand its influence over other forms of local government besides schools.

A local option would provide communities an opportunity to regain certain essential control over decisions about their local schools. As more and more school districts have faced the challenges of doing more with less, they have come to the realization that the only way to improve their circumstances is through the Legislature. Individual communities can no longer decide they will pay more for a better education. A local option as a modification to Measure 5 or an alternative funding source to property taxes would give people the ability to improve their own schools, determine what

new programs should be available to their children, and not be limited to the ability of the State to pay the total bill.

*The current system has all but
eliminated local accountability.*

The current system has all but eliminated local accountability. If the State would fund a basic education to reach a defined set of academic standards, and a local community could decide to tax themselves for the purpose of adding to programs or reducing class sizes, this would create a condition in which schools could be held accountable not only to the state but directly to their community. This is what local control is all about. In a state as diverse as Oregon local communities must retain a strong voice in what and how their children are educated.

The Oregon Courts have consistently held that there can be differences in the resources available to educate children in different parts of the state. Measure 5 was not advertised as a method of changing public schools to become state agencies, nor did its supporters suggest it to be a method of removing local control over its schools, but that is what it has done. Creating a local option simply gives some control back to the communities in allowing them to adjust upward the destiny of their local school systems.

