

**PART II**

**AN AGENDA FOR OREGON**



# 1. INSTITUTIONAL PARTNERSHIP: WORKING TOGETHER TOWARDS A COMPETITIVE ECONOMY

There is no longer any question that 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. Examples of such cooperation abound already. Oregon's Regional Strategies Program provides focus for cooperation between local governments and the State to develop specific economic opportunities. A partnership between business leaders and the public schools in Portland has been highlighted by the U.S. Department of Education as a leading effort nationally in business-education cooperation. The private sector has provided over \$1 million in support for the State's economic development program, including several loaned executives. The State System of Higher Education is concentrating on transferring ideas more effectively into the private sector. The list goes on.

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To build our economic future, we must instill a culture of cooperation in Oregon. The partnerships that will make Oregon work for everyone must link up our basic institutions: government with business, business with labor, business with environmentalists, business with education, schools with schools, and government agencies with government agencies.

Throughout this document, opportunities for strengthening these partnerships are identified. In this section, we will describe several specific partnerships that need to be strengthened, but these do not include all the partnerships that must be forged. They are presented here because they help frame the policy and industry discussions that follow in the rest of the report. In this section two new institutions are proposed: the Oregon Development Board and the Science Council. In addition, the role of the Economic Development Department in building partnerships is refined. Finally, we suggest how federal, state, and local government resources can be combined with private resources to address critical rural development issues.

## 1.1 THE OREGON DEVELOPMENT BOARD

We recommend creation of the Oregon Development Board as the most visible first step in building partnerships for Oregon's future. Strong partnerships must have at their foundation a common vision about where Oregon is heading. That vision has been lacking in the 1980s. The Oregon Development Board would become a forum for defining and communicating a vision for Oregon in the next century, measuring our progress in the achievement of that vision, and describing the work still ahead.

This strategic plan concludes that to achieve steady economic growth and a high quality of life for all Oregonians, we must address a formidable set of issues relating to education, infrastructure, trade and resource management -- issues that cut across jurisdictional boundaries, and that require partnerships between the public sector and the private and non-profit sectors. No sector or institution or person working alone has the power to build the future we seek. Oregonians must work together.

Important partnerships are evolving in Oregon today. However, among institutions, they are not yet developed to a degree needed to achieve Oregon's strategic agenda. Achievement of goals for a world class work force, for example, requires unprecedented cooperation among the state's schools, business, labor, and social service

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institutions. To internationalize Oregon, a broad effort to build international education, cultural exchanges, and an environment congenial to foreign visitors will require cooperation among a variety of institutions. To assure Oregon's ability to finance quality infrastructure and quality government services, a broad consensus about goals and financing alternatives is necessary. Oregon needs a central forum for addressing these kinds of issues.

Furthermore, Oregon lacks an institution constituted and focused to measure comprehensive progress towards critical economic, social, and environmental goals, and to identify or anticipate problems that could impede progress over time.

The Oregon Development Board, which would be chaired by the Governor and include leaders from throughout Oregon life, would be assigned the following responsibilities:

- Through broad public participation, develop and communicate a strategic

vision for Oregon and adopt a set of measurable goals that reflect achievement of that vision.

- Create study groups that include leaders from appropriate institutions to conduct inquiries and make recommendations on such issues as work force development, trade promotion, and infrastructure financing.
- Identify emerging issues that need to be addressed to carry out the state's strategic vision.

The Oregon Development Board would issue a report biennially which describes and measures Oregon's progress towards achieving its strategic goals, and which highlights issues that need to be on the agenda for the future. To fulfill this role, the Development Board would serve as a sounding board for views of Oregonians on the state's future, and it would modify the state's strategic direction in response to that view.

The Development Board would be staffed by two or three policy analysts appointed by the Governor's Office. In addition, to support the work groups assigned by the board, the board would draw on resources of the pertinent State agencies and the private sector.

### **Agenda for the Board**

The Oregon Development Board's first assignment would be to review the strategic vision and goals presented in this document, and adopt them with whatever modifications it chooses based on comments from Oregonians. At the same time, the board would create work groups to oversee implementation or further study of strategy elements. Although the board would have wide discretion over study group creation and assignments, based on this strategic plan, three work groups would be critical:

- **Work Group on Work Force and Education.** Extending the work of the strategic planning committee in this area, define skills needed for an advanced economy; propose changes in education, social services, and business practices to help Oregonians achieve desired skill levels; and develop a test for measuring Oregonians' progress. **Goal:** Measurably the best work force in the United States by year 2000; and a work force as good as any in the world by year 2010. **Membership:** Leading educators, social service administrators, and business and labor leaders. Staffing support would be provided by the Office of Educational Policy and Planning, and human resource departments from private companies.

■ **Work Group on Building an International Culture.** Extending the work of the International Trade Committee, assign a task force to lead an effort to build international exchanges and programs throughout the state, and to educate Oregonians broadly on international culture and languages. Inventory current programs and provide leadership in building an exchange. **Membership:** Business leaders, educators, and visitor industry representatives. The Office of Educational Policy and Planning (OEPP) and the Oregon Trade and Marketing Center would help to facilitate this task force effort.

■ **Work Group on Infrastructure and Government Finance.** Review the adequacy of state and local government services and infrastructure, and the capability of the state and local government finance systems to provide for essential services. Review alternative structures. **Membership:** State agency leaders involved in budgeting and finance, local government officials and legislators. **Staff:** Executive Department and Department of Revenue.

Other work groups that the Development Board might consider include the following.

■ **Work Group on Health Care Cost Containment.** Review a variety of measures for reducing health care costs, including an examination of certificate-of-need programs, competitive benefits plans, and a reduction in shifting costs from uncovered health care recipients to covered recipients. **Membership:** Business, labor, and health care industry leaders. The task force might be staffed by the Human Resource Health Policy Office.

■ **Work Group on Rural Development.** Review alternative ways State policies and programs can positively influence rural communities suffering from declining employment in resource-based industries. **Membership:** Rural community leaders and leaders from State agencies that influence rural development, including the Department of Land Conservation and Development, Department of Transportation, Economic Development Department, and Department of Agriculture. **Staffing:** Economic Development Department.

■ **Work Group on Urban Growth Management.** Define a vision for the development of the greater Portland metropolitan area that facilitates growth while protecting against congestion, pollution, and urban sprawl. Review efforts of other growing urban areas in the state to manage growth, and identify steps State Government can take to assist these efforts. **Membership:** Portland area leaders, Department of Land Conservation and Development, Department of Transportation, and Department of Environmental Quality. The staff might include representatives of Metro, Department of

Transportation, Department of Land Conservation and Development, and Department of Environmental Quality.

These and other task forces could be created on those issues that the board concludes are of significant strategic interest to the state's development, and that are not being addressed otherwise, for whatever reason.

### **Actions to Create the Board**

- The Governor will seek approval for the creation of an Oregon Development Board from the Legislature. The board should be chaired by the Governor, and include ten additional members, appointed by the Governor, who are forward-looking, and represent a cross section of Oregonians.
- To staff the Development Board, the Governor should request that staff resources from the Economic Development Department be assigned directly to the board.

## **1.2 THE ECONOMIC DEVELOPMENT DEPARTMENT**

The Economic Development Department serves as the State of Oregon's lead agency for building partnerships within Oregon to support economic growth. The department provides an array of services, which can be broadly described in three categories.

- **Services to assist individual businesses to locate and grow in Oregon.** These services include information and regulatory trouble-shooting, targeted incentives, and connections with education resources (including job training funds) and infrastructure assistance.
- **Services to educate business people on basic business practices and on international trade.** The former is done through Small Business Development Centers and the latter through the International Trade Division and Small Business Development Centers.
- **Services to build state, community, and industry capacity to grow.** These services include the Regional Strategies Program (to identify and exploit specific opportunities within the various regions in the state), industry strategic planning (to connect industries with education, government, and other institutions to build competitive advantage), community development assistance, and statewide strategic planning (to identify broad steps the state can take to promote economic growth).
- **Marketing services.** These are intended to promote specific Oregon

industries, such as tourism and film and video, and to promote the state broadly as a good location for business.

The Economic Development Department historically has been known to concentrate much of its energy on recruiting out-of-state businesses into Oregon, and provided basic marketing services. With the reorganization approved by the 1987 Legislature, and under a new administration, the department has assumed a much broader role as a professional services organization responsible for facilitating a wide array of strong partnerships to build Oregon's economy. This role change stems from the recognition that economic growth is created 1) by many individual firms born and growing within Oregon, not merely by a few large branch manufacturing facilities headquartered out of state, 2) by the quality of basic government services, 3) by the broad regulatory climate of a state, and 4) by how well the various institutions within the state work together to build competitive advantage. Therefore, while the department has reorganized and bolstered its basic business assistance and marketing functions, it is also building broader capacity to build partnerships among business, education, labor, and state and local governments, and to assess state and local services and regulations from an economic development perspective.

Although this strategic planning effort was not specifically commissioned to address the mission of the Economic Development Department, many of the strategic planning committees presented recommendations affecting the department. To implement the initiatives recommended in this strategic plan, the department will need to handle several new responsibilities, which in turn can best be accomplished through organizational change.

The various reports emerging from the strategic planning process suggest the following new directions for the department. The department should:

- Build a strong small business information and assistance program, to help answer small businesses questions about regulations, and direct them to a variety of assistance programs.
- Evaluate and strengthen Small Business Development Centers' ability to train small business managers statewide in a variety of skills.
- Develop a compelling image for the state that erases the lingering impression created by Governor McCall's comment, "come visit, but please don't stay."
- Work with industries to develop and implement growth strategies within Oregon which link them with other state and local programs.



- Help local governments build their capacity for economic development.

Other Economic Development Department programs that are working well, and that generally do not need to be changed significantly include the following:

- **Business development.** The department has recruited strong business development officers who are able to employ a small but flexible "tool kit" of funds to encourage businesses to locate and grow in Oregon, including the Special Public Works, strategic reserve, and retention funds. The business development officers are well positioned to draw on other State agencies, the private sector and local development officials to assist businesses start and expand here.
- **Regional Strategies.** The Regional Strategies Program has proved it is a valuable catalyst for promoting local development opportunities. The program, which asks regions within the state to identify and build around specific opportunities, has helped communities to think strategically about their futures and to build partnerships among disparate institutions to take advantage of opportunities. It has produced many exciting new economic development initiatives in technology transfer, tourism, forest products, agriculture, and ports development throughout the state. The program needs modest refinements to provide regions with technical assistance in regional strategy planning.
- **Tourism.** Tourism marketing is creating a positive image both for the visitor industry and for the state. Additional marketing dollars, as proposed in the budget, would strengthen this effort, and the tourism campaign needs to be tied into a broader marketing campaign for Oregon.
- **Film and video.** The Film and Video Office is drawing more film activity to Oregon.
- **Jobs training.** The Job Training Partnership Act program is being managed with increasing attention to specific business needs.

There are two Economic Development Department programs that need some modification.

- **International trade.** The International Trade Division needs to focus more on outreach to inexperienced businesses. Working with the Small Business Development Centers, the division should provide basic education and introductory trade missions broadly to Oregon businesses, in addition to its other functions. (For more details, see Part II-4, Oregon International.)

- **Loan fund.** The Oregon Business Development Fund program should place a higher priority on loans for minority- and women-owned firms, and should be modified to enable loans for businesses such as film, video, and software, which often have difficulty in providing collateral.

Table II-1 summarizes current and proposed programs according to various services that the organization provides. The table illustrates the broad role OEDD plays in building partnerships in Oregon. Given these broadening responsibilities, the department's organizational structure is in need of review. The Regional Strategies Program, industrial development efforts, and local capacity initiatives should be well linked. The organization should be adjusted accordingly. In addition, tourism marketing should be more closely aligned with the state's overall image building effort. Finally, the services that support the development of individual businesses need to be better connected.

#### **Actions To Strengthen the Economic Development Department**

As part of its budget submission, the Economic Development Department will seek funds to:

- Review local government capacity for economic development
- Provide technical assistance in the development of regional strategies
- Support the development of industrial strategies
- Build a small business assistance network.

In addition, the department will seek additional funds to:

- Strengthen the Small Business Development Centers, and build a strong business assistance network
- Market tourism more widely, and communicate a broader state image.

The department will propose reorganization consistent with the new responsibilities that it is undertaking.

**Table II-1. Services Provided by the Economic Development Department**

Assistance to Support Individual Business Growth in Oregon	Education to Help Oregonians Run Their Businesses More Effectively	Marketing Oregon	Assistance to Communities and Industries for Strategic Assessment and Development
<ul style="list-style-type: none"> <li>• Business Development Officers work with:               <ul style="list-style-type: none"> <li>- In-state businesses on start-up, retention and expansion.</li> <li>- Out-of-state businesses interested in locating in Oregon</li> </ul> </li> </ul> <p><u>Types of Assistance:</u></p> <ul style="list-style-type: none"> <li>• Information on Oregon and its advantages.</li> <li>• Regulatory trouble-shooting.</li> <li>• Access to labor force (JTPA, targeted training)</li> <li>• Access to infrastructure (SPW).</li> <li>• Business loans (OBDF, CDBG, IRDBS, composit bonds, Port revolving loan fund).</li> <li>• Retention assistance.</li> <li>• Access to other state resources.</li> <li>• Highly targeted incentives (for key expansions and recruitment).</li> <li>• International contacts.</li> <li>• Workplace innovation.</li> </ul>	<ul style="list-style-type: none"> <li>• Small Business Development Centers (SBDs) for basic business education.</li> <li>• International Trade Division for education on international opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>• Tourism marketing.</li> <li>• Welcome Centers.</li> <li>• Marketing Oregon as a good business location.</li> </ul>	<ul style="list-style-type: none"> <li>• Regional strategies assesses and supports specific opportunities at regional level.</li> <li>• Strategic planning assesses state development needs.</li> <li>• Community development block grants support local infrastructure.</li> <li>• Ports assistance and loans supports Port development.</li> <li>• Workplace innovation.</li> <li>• Agriculture opportunities fund.</li> <li>• County fairs, special events.</li> </ul>
<p><u>New for 1989-91</u></p> <ul style="list-style-type: none"> <li>• Small business information system.</li> <li>• Procurement assistance to small businesses.</li> </ul>	<p><u>New for 1989-91</u></p> <ul style="list-style-type: none"> <li>• Expansion of SBDs.</li> <li>• Small Business International Trade to educate business statewide.</li> </ul>	<p><u>New for 1989-91</u></p> <ul style="list-style-type: none"> <li>• Further development of integrated image for Oregon.</li> </ul>	<p><u>New for 1989-91</u></p> <ul style="list-style-type: none"> <li>• Oregon Partnership.</li> <li>• Technical assistance for regional strategies.</li> <li>• Strategic plan industry assistance.</li> </ul>

### **1.3 THE SCIENCE COUNCIL**

The Governor's Science Council was created as an ad hoc body during this biennium to help the Governor's Office identify how science can be linked with economic development efforts. In particular, the Science Council focused on how resources of the State System of Higher Education can best be deployed to support economic development goals.

The council identified five targets of opportunity for connecting industry with science resources: advanced computing, advanced materials, biotechnology, electronic device technology, and environmental technology. In each case the council recommends that the State be alert to opportunities to tie its academic resources to these industrial applications. The Governor, the Economic Development Department, and State System of Higher Education schools are already acting on those recommendations.

The ad hoc group also recommended that a permanent Science Council be created to advise the Governor's Office on a wide range of issues pertaining to science. The Science Council is envisioned as a bridge to assist business to communicate with education, to help establish ties, and to set priorities for research.

The Economic Development Department's efforts to develop industrial strategies should be linked with the Science Council. For example, the Biotechnology Committee created in this strategic planning process should periodically report to the Science Council on how higher education can best support the industry's development. Other industry groups should report similarly. The Science Council, in turn, would make recommendations to higher education on overall priorities from an economic development perspective, and facilitate connections with the state's colleges and universities.

In addition, the Science Council staff should play a leading role in identifying sources of funding that would support the State's efforts to strengthen its research capacity in areas that are critical to industrial development. Working with the various public and private schools, the Science Council and its staff should help coordinate and set priorities for Oregon's science and technology development initiatives.

#### **Actions on Science Council**

The Office of Educational Policy and Planning will seek legislation to establish a permanent Science Council. The Economic Development Department will support the Science Council by creating industry strategy committees to advise the council on industry needs.

## **1.4 PARTNERSHIPS TO SUPPORT RURAL ECONOMIC DEVELOPMENT**

Creating partnerships to build Oregon's rural economies is a critical element of this strategic plan.

The transition occurring within the Oregon economy creates both challenges and opportunities for Oregon's rural economies. On the one hand, because of the declining employment in Oregon's largest resource industry -- forest products -- many communities in the state will face the distress of plant closures or downsizing over the next decade. On the other hand, because of Oregon's location along the West Coast, with its access to major markets, many communities in the state have the opportunity to add more value to the natural resources already here and to diversify into other products entirely.

Rural areas in Oregon have long depended on resource-based industries, primarily lumber but also agriculture and fishing. Each of these industries has incurred irreversible employment losses due to the advent of more efficient harvest and processing technologies and resource depletion. For many rural communities the jobs lost to date have not been replaced by diversified economic activity.

Oregon is not alone. Rural areas in much of the United States have been in a long-term economic decline throughout this century. As the agrarian economy of the 1800s was transformed into a mass production economy, rural population and employment were displaced from the land and into urban areas. Rural economies were affected by industrialization, which reduced both employment and costs, and by resource depletion.

Rural counties generally have slower growth rates, higher unemployment, lower average wages, and lower per capita incomes than their urban counterparts. They are far more dependent on forest products and agriculture for employment and income. Rural counties also have a different personal income profile, relying more heavily on social security transfer payments.

The United States as a whole is falling behind in the funding of basic social and physical infrastructure, such as health care and day care facilities, schools, roads, airports, sewers, and water systems. Because of lower incomes, smaller populations, and smaller tax bases, rural areas face an even bigger challenge in this area. Economic shocks such as plant closures, which can cripple not only employment but also tax bases, only add to the burden.

While all of these factors present formidable challenges for many areas of rural Oregon, the outlook is not necessarily grim. Many of Oregon's rural regions enjoy

good transportation access to markets, an energetic citizenry, affordable land, and extraordinarily attractive surroundings. These assets present opportunities if we can marshal our resources to take advantage of them.

### **Vision for Rural Economic Development**

We envision Oregon's economy stabilizing and growing throughout the state over the next two decades as communities exploit their comparative advantages and create new industries that promote growth.

Many communities enjoy a good base upon which further economic activity can occur. Those with modern sawmills and those reliant on agriculture and fishing, will in general follow the cyclical patterns of recent history, as fortunes climb and fall with the national economy and industry conditions. Some of these areas will prosper due to the development of secondary wood products, value-added food products, or a new industrial base. Tourism, while not supplying high-paying jobs, will still be an important source of employment. Development of facilities for retirees will also serve as a source for additional income.

It is inevitable that some communities will feel the trauma of job losses from plant closures or modernization. Yet aggressive development planning and initiative will offset these losses with other economic activity. The transition can be eased by careful planning and State assistance for affected communities and workers.

Transportation is generally a necessary, though not sufficient element in building rural communities. Fortunately, many areas are located on modern, well maintained highways and enjoy good rail and air service. For example, Southern Oregon communities located along Interstate 5 are well positioned for growth through diversification in the future.

The Department of Transportation is sensitive to the importance of transportation, and through its Access Oregon program is working to identify transportation improvements that will provide communities with greater economic activity.

### **Building Oregon's Rural Economies**

Working in partnership, the State Government and business can support the efforts of local government to sustain and build rural economies. While Oregon must anticipate further rural employment declines in the next decade, there will be opportunities to mitigate this decline, particularly through expansion of value-added agricultural and wood products, and through the development of tourism and other diversified industry.

Although State agencies already provide services to rural economies, they have not done so in a comprehensive manner. In focusing on how to assist Oregon's small

communities, the Committee on State-Local Partnerships concluded that the State needs to help communities broadly assess their economic development prospects, and identify key steps to improve the community. With this assessment in hand, communities would be better able to set priorities and to draw on the various resource available.

The committee concluded that capacities for planning, implementing, and evaluating economic development strategies and for engaging in local public-private partnerships vary as widely throughout Oregon as regional economies. Fortunately, a number of communities took the initiative to form economic development programs some years ago. Some have done so more recently under the Regional Strategies Program.

Under the Regional Strategies Program, regions consisting of one or more counties have identified specific opportunities to develop targeted industries and proposed strategies for pursuing these opportunities. The State has supported these initiatives, supplying lottery funds earmarked for Regional Strategies, and providing assistance in putting together funding packages. Funding has consisted of Regional Strategies allocations, other State and federal dollars, and local public and private contributions. Besides the direct benefits generated from the Regional Strategies projects, the program has helped to strengthen partnerships among government agencies and jurisdictions, and to build stronger capacity for economic development in general.

Despite these successes, many communities continue to need help in developing economic development strategies. The need is illustrated in the findings of a recent survey by the Bureau of Governmental Research and Statistics:

- **Planning.** Only 16 percent of Oregon's cities and 38 percent of the state's counties have economic development plans other than the economic elements of their land use plans. Fifty-eight percent of the Councils of Government (COGs), however, do have specific economic development plans, as required by the federal Economic Development Administration for certification as economic development districts.
- **Implementing.** In almost half of Oregon cities (46 percent) and in 28 percent of Oregon counties, responsibility for economic development is not clearly defined. In addition, only 4 percent of cities and 3 percent of counties have a designated economic development department.
- **Evaluating.** Eighty-one percent of the cities, 66 percent of the counties, and 42 percent of the COGs have no way to systematically evaluate the effectiveness of their economic development plans and activities.

Local leadership and commitment from both the public and private sectors are critical for local development. The survey showed that 65 percent of the cities, 65 percent of the counties, and 75 percent of the COGs consider both the public and private sectors responsible for local economic development. However, far fewer local governments actually participate in formal cooperative arrangements; 24 percent of Oregon cities, 56 percent of counties, and 50 percent of COGs have engaged in formal public-private partnerships.

There are several elements that are necessary for successful economic development at the local level.

- Local commitment and leadership to pull together local resources (public and private)
- Local public-private sector collaboration, organized and trained to pursue development opportunities effectively
- Economic development strategies that are custom-designed to match each community's and region's unique strengths, weaknesses, opportunities, and threats
- Sufficient transportation, public works, and telecommunications infrastructure to support development.

### **Initiatives To Promote Stronger Partnerships**

The Committee on State and Local Partnerships identified and recommended three general approaches, one statewide and two targeted to cities and counties, to improve local government partnerships.

- Training for local public and private sector leaders in planning, implementing, and evaluating economic development, and in developing public-private partnerships. Training would be provided in all regions of the state and would be designed to build leadership skills for assessing economic opportunities and pursuing strategies for local economic development, including workshops in business formation, expansion, retention, and recruitment.
- A more targeted, customized partnership process for local capacity building, which would involve individual contracts with cities, counties, COGs, and regional partnerships to assist local leaders in both the public and private sectors to 1) organize, 2) strategically assess local strengths, weaknesses, opportunities, and threats (a SWOT analysis), and 3) collaboratively implement state and local programs to stimulate new business formation and expansion, industrial recruitment, and retention of existing enterprises.



- Expansion of the Regional Strategies Program to include financing for technical assistance and capacity building to communities, counties, or regional partnerships.

The Economic Development Department budget includes funds to support these programs, which should be designed cooperatively with county and city government representatives. In addition, the Oregon Business Council has agreed to join in a partnership to assess local capacity, which should also be incorporated into the program.

### **Acting on the Partnership Assessment**

The partnership assessment should identify specific actions that communities can take individually or in collaboration with State Government and the business community to enhance economic growth. The plans should help to set priorities and lead to action.

The State has a variety of resources that can be drawn upon to assist in economic growth of communities.

- **Infrastructure.** The Department of Transportation plays a critical role in building ground and air connections to communities and in assisting in the financing of local roads. Through the Access Oregon program, ODOT will target funds to meet specific road improvement opportunities that will clearly and substantially improve a community's economic prospects. The Economic Development Department has a much smaller pot of funds for public works (Community Development Block Grant funds) and for loans to ports (the Port Revolving Loan Fund).
- **Assistance in business recruitment, retention, and expansion.** Regional Business Development Officers work with communities to identify business opportunities, and they have a variety of resources to use in encouraging businesses to grow. The Special Public Works Program and ODOT's Transportation Opportunity Fund provides for infrastructure improvements for specific business opportunities. A variety of other resources, including the Industrial Retention Service, the Oregon Business Development Fund, and job training funds can be used for specific opportunities.
- **Job training and retraining assistance.** Through the Job Training Partnership Program and the Economic Development Department's targeted training funds, the State can provide an array of programs to help employees train and retrain for new jobs in the event of layoffs or plant closures.

- **Small business assistance.** Small Business Development Centers operate throughout the state providing business education to small business owners and managers. These centers can be a vital source of assistance in smaller communities to help build smaller companies which are well-suited to local economies. To enhance these centers, the proposal to fund Ed-Net, a statewide telecommunications network which would provide interactive video services, will help bring critical education services to rural areas.
- **Industrial opportunities.** The Economic Development Department and the Department of Agriculture, working with universities and other institutions can help focus on key industry opportunities for regional economies. This is already being accomplished through the Regional Strategies Program. As the Economic Development Department works with industrial sectors to promote the growth of specific sectors in Oregon, opportunities can be communicated to communities throughout the state. In many cases, the best opportunities for rural economies will arise in developing value-added products from natural resources. Therefore, in selecting industries to work with in its industrial development initiatives, the Economic Development Department should pay particular attention to forest products, agriculture, and other resource development opportunities. In addition, tourism presents opportunities for rural areas, and the department should identify ways to develop that industry statewide.

This strategic plan envisions that the partnership program will help communities to access these resources and ultimately define how they can be most effectively deployed to meet community needs.

#### **Emergency Response: Assistance for Distressed Communities**

In the months and years ahead a number of Oregon cities and towns are likely to be devastated by sudden closures of mills or other major enterprises. These communities deserve priority attention from the Economic Development Department and other State agencies.

While typically there are few easy solutions for communities facing business or plant closures, the Economic Development Department can help ease the shock for these areas through a transition planning program. Such a program should help communities to 1) assess opportunities for reopening the enterprise being closed, 2) assist workers laid off to be trained and re-employed and, 3) assist communities in developing short- and long-term plans for coping with closures. These elements should be tied into an integrated service offered by the Economic Development Department.

The first two elements of such a program are in place. The Economic Development Department's Stabilization and Conversion Fund can be employed to assess the prospects of an individual company, and if possible, assist in the reopening of a facility. Employee assistance is available through the Job Training Partnership Act (JTPA) program, under a recent federal plant closure law.

The third element, community assistance, needs to be added. Community assistance could include 1) strategic economic planning assistance for local government and private sector leaders to determine economic development options, 2) help in developing local leadership and vision to see the community through the transition caused by a plant closing or downsizing, and 3) assistance in implementing projects which support the community's transition.

### **Actions on Rural Development**

- The Economic Development Department will propose an Oregon Partnership Program in its budget to the Legislature. The purpose of the program will be to help communities assess their capacity for economic growth and produce action plans to develop that capacity.
- The Oregon Business Council is encouraged to participate in the Partnership Program.
- The Department of Transportation will identify through its Access Oregon program critical infrastructure improvements that could substantially advance economic development of local communities.
- The Office of Educational Policy and Planning will seek funds for ED-NET, which would provide interactive education services statewide.
- The Small Business Development Center network will seek funds to enhance its program. (See PART III-2, Small Business, for details.)
- The Economic Development Department will seek technical assistance funds to assist communities to develop their regional strategies.
- The Economic Development Department will identify opportunities for developing new or expanded industries in the state, particularly those that show promise in rural areas.
- The Economic Development Department will develop a distressed community program which ties together its industrial retention, job training, and other locally-oriented services to provide an integrated response to dislocations created by major plant closures.

