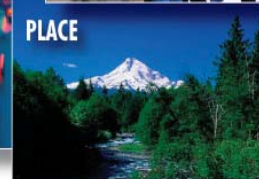
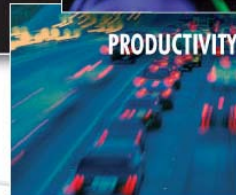




OREGON BUSINESS PLAN UPDATE AND INITIATIVE SCORECARD

LEADERSHIP SUMMIT 2003
DECEMBER 1, 2003



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Oregon Business Plan Steering Committee

Richard G. Reiten, (*Chair*), NW Natural; **Allen H. Alley**, Pixelworks; **Eric Blackledge**, Blackledge Furniture; **Marty Brantley** (*ex officio*), Oregon Economic and Community Development Department; **Sam Brooks**, S. Brooks & Associates; **Ray Guenther**, Intel; **John Harker**, InFocus Systems; **James B. Johnson**; **Paul J. Kelly**, Nike; **Randolph L. Miller**, Moore Company; **Randall C. Papé**, The Papé Group; **Ronald C. Parker**, Hampton Affiliates; **George Passadore**, Wells Fargo Bank; **Steven D. Pratt**, ESCO; **Nancy Tait**, Bear Creek Corporation; **William D. Thorndike, Jr.**, Medford Fabrication; **Ronald E. Timpe**, Standard Insurance; **Don VanLuvanee**; **Walter Van Valkenburg**, Stoel Rives LLP; **Brett Wilcox**, Northwest Aluminum.

Business Associations That Have Endorsed the Oregon Business Plan

American Electronics Association, Oregon Council	Canby Area Chamber of Commerce
Associated Oregon Industries	Grants Pass/Josephine County Chamber of Commerce
Oregon Business Association	Gresham Area Chamber of Commerce
Oregon Business Council	Hillsboro Chamber of Commerce
Portland Business Alliance	Newberg Area Chamber of Commerce
Oregon Science & Technology Partnership	North Clackamas County Chamber of Commerce
Software Association of Oregon	The Chamber of Medford/Jackson County
Albany Area Chamber of Commerce	

YEAR IN REVIEW

The Oregon Business Plan has had a great first year. Since its framework and recommendations were rolled out in last December's initial summit meeting, the Plan has achieved gains on important recommendations, galvanized state leadership on economic issues, and evolved into an ongoing process for supporting the Oregon economy.

The Oregon Business Plan serves three major purposes. First, it provides a vision and a strategic framework to help all Oregonians understand what it will take for Oregon to achieve a thriving, globally competitive economy. Second, it identifies initiatives that we need to work on right away to support the vision and strategy. Third, thanks to the support of our senior elected officials, it has become a forum for continuing dialogue among public and business leaders.

This document revisits the Oregon Business Plan vision and strategy, and it takes a look at how the Oregon economy is doing, particularly in regard to manufacturing, which has a large impact on our fortunes. We're happy to report that the Oregon Business Plan vision and strategy remain as much on track today as they were one year ago. We're also pleased to report that the economy is showing promising signs of improvement after a three-year slump.

As readers will also see in the scorecard section, we are making impressive headway on the 12 initiatives that we launched a year ago. At the conclusion of last year's summit, some participants wondered aloud whether all of the positive energy from that day would translate into real follow-through and change. On just the initiatives, here's a partial answer:

- **PERS.** The liability has been cut in half and the system substantially reformed.
- **State Economic Development.** The mission and department have been refocused on business retention and recruiting -- and building industry clusters. The Legislature provided funding to support this work.
- **K-12 Education.** The Legislature affirmed continued support for Oregon's high standards and an assessment system to measure student progress.
- **Signature Research.** A center to research nano-technology has been established and supported with federal and state funds.
- **Industrial Land.** Over 40 shovel-ready industrial sites have been identified throughout Oregon -- and 25 more with very high potential will be announced in just two weeks.
- **Permitting.** A new office has been established by the Governor to improve permitting processes and streamline regulation.
- **Global Air Access.** We have gained air access to Europe and Mexico -- and we are making good progress at reconnecting with Asia. Tourism marketing dollars were approved to support these new services.
- **Forest Health.** With strong leadership from Oregon, Congress passed sweeping forest health legislation that will create jobs, protect the environment, and make Oregon communities safer.
- **Road and Bridge Repair.** The new funding package will make a big dent in our backlog of unmet needs.
- **Brand Oregon.** It is ready to be unveiled.

The Oregon Business Plan cannot take credit for these initiatives. The credit goes to our elected and appointed officials, industry leaders, business associations, and all the other Oregonians who made them happen. But insofar as the Business Plan creates a common framework to help Oregon leaders work together, this is an effort well worth continuing.

We are particularly grateful for the support and involvement of U.S. Senators Ron Wyden and Gordon Smith, Governor Ted Kulongoski, Senate President Peter Courtney, and House Speaker Karen Minnis. Over the summer they agreed to form a Leadership Committee to convene these regular summits to review and update the Oregon Business Plan. We appreciate even more their willingness to use the Plan in their daily work on public issues. Senators Wyden and Smith have worked hard in the past year on the seven-point federal agenda that supports the Business Plan. Governor Kulongoski has actively supported nearly every initiative. The Legislature also deserves credit. Coming out of the May 2003 update meeting, the Steering Committee endorsed a short list of 12 items important for the Legislature to accomplish before adjournment. The Assembly delivered on 11 of those 12.

Perhaps most significantly, the Oregon Business Plan is becoming a permanent forum for economic action. With each meeting, business and elected leaders have an opportunity to refine the vision and strategy, and to measure progress on key initiatives.

To see the whole plan, and to stay abreast of progress, those interested in the Oregon Business Plan are invited to visit us online at www.oregonbusinessplan.org. Information contained in this scorecard document will also be incorporated in revisions to the Oregon Business Plan Initiative Tracker at http://www.oregonbusinessplan.org/plan_tracker.html. The Oregon Business Plan website also contains a full copy of *Stepping Up*, the initial planning document that captures the vision, strategy, and initial initiatives which launched the Oregon Business Plan. That link is: http://www.oregonbusinessplan.org/plan_view.html.

VISION AND STRATEGY UPDATE

The Oregon Business Plan vision is as current and valid today as it was when presented at the first leadership summit last December. In this vision, Oregon benefits from strong, leading-edge clusters of traded-sector firms that compete successfully with the best on the globe. These firms provide well paying quality jobs to their own employees and spawn other good jobs among local suppliers and retailers.

As a public strategy to achieve this vision, Oregon helps these firms thrive and compete with a supportive framework that we call the Four Ps – Pioneering Innovation, People, Place and Productivity. Specific policy initiatives, such as the 12 launched last year, are designed to help Oregon achieve a strong footing in the Four Ps.

The box at right is a vest-pocket summary of this vision and framework.

We're Aiming High

We said last year that Oregon stands at an economic crossroad. Changes sweeping the global marketplace offer us a choice between two futures. One path presents an Oregon defined by thriving businesses that lead their industries in ideas, innovation and design, market reach, and staying power. This path heralds a future of well paying jobs that resist migration and sustain local economies and communities.

On the other path, Oregon becomes strictly a regional consumer market and a branch-office outpost for industries whose key ideas, research, decisions, innovations, and initiatives occur elsewhere. It becomes a commodity producer whose industries pay average or low wages and are always vulnerable to cheaper sources of labor and supply elsewhere.

The Oregon Business Plan aims at the high road. Evidence suggests that many players in Oregon's business community have embarked on the high road. The proof can be seen statewide in clusters of both traditional and new-economy businesses that are at the forefront of their industries with cutting-edge products, services, processes, and marketing strategies. Industrial clusters are those with critical mass in their areas of specialty. They comprise not only producers, but also suppliers, competitors, and allies who share proximity and its benefits. They are often knowledge centers for their industries. Successful clusters in Oregon include semiconductors, sports

The Oregon Business Plan Vision and Framework

Quality jobs and statewide prosperity spring from growth of companies that sell goods and services outside Oregon. When these "traded-sector" enterprises grow, they increase payrolls spent in the local economy and boost the business of local suppliers.

Traded-sector companies tend to flourish in clusters. These are geographic concentrations of supply chain partners and competitors, whether in semiconductors or nursery products.

Oregon's traded-sector companies compete worldwide. Intellectual capital and innovation are their most important competitive advantage.

Oregon companies are responding to this challenge. They are staying ahead and moving up market with cutting-edge R&D, design, production, and marketing.

To keep this edge, they need favorable business conditions. This means favorable public infrastructure and policies to attract talent, control costs, and reach markets.

Four Ps describe these conditions. Businesses are more likely to succeed where they have an advantage in People, Place, Productivity, and Pioneering Innovation.

Key Challenges Facing Oregon's Economy

- Every business confronts change
- Every industry is restructuring
- Competition is now global
- Commodity production is going to cheapest locations
- Technology is pervasive in every business

Successful Firms Are Responding By:

- Developing new products
- Going up market
- Moving routine work off shore
- Recruiting the best talent
- Pursuing best practices and productivity

apparel and footwear, engineered wood products, electronic display products, creative services, fruits and vegetables, test and measurement equipment, nursery products, and recreation vehicle manufacturing.

At the core of these successful clusters are “traded-sector” businesses – those that sell their products and services outside the state, bringing in fresh dollars that directly sustain high-paying jobs while spurring growth and good jobs among local suppliers, retailers, and service businesses. These leading-edge, traded sector businesses are so successful and beneficial to the Oregon economy that they offer a model by which Oregon can achieve its primary economic goal: *growing well paying jobs that go to Oregonians*. The jobs themselves will change as Oregon companies innovate and evolve, but Oregonians will have the knowledge, skills, and confidence to grow with those changes.

We Must Nurture Knowledge-Based Traded Sectors

As a broad strategy to revitalize and sustain the Oregon economy, we should position Oregon in fact and reputation as a state unique in its passion and ability to nurture clusters of innovative industries. This includes clusters we have already, those we can attract, and those we can build from scratch. It includes clusters in new technologies as well as traditional industries producing new products in new ways.

In order to thrive, leading-edge clusters depend on the people and resources in their surroundings. They need access to ideas and capital. They need skilled people. They need communities whose schools, neighborhoods, roads, recreational amenities, and civic life appeal to talented people. They need energy, telecommunications, transportation, and health care. They need to operate in a regulatory environment that enables them to do their work efficiently while meeting environmental responsibilities. Thus, it is important for all of Oregon to pull together to support leading clusters that create good jobs.

The Stakes Are High

Against a global backdrop, we face a high-stakes struggle. Not only must we fight to keep the successful, innovative industries that now fuel our economy, we must also capture and grow more that are equally adept. Competition for such industries is fierce and will intensify in the next 20 years. Dialogue with business leaders throughout Oregon has surfaced repeated and deep-seated concerns about the threat *from* national and global competitors *for* national and global markets. If Oregon doesn't maintain a climate in which its businesses can compete effectively against their global rivals, they will be more apt to go to a state or nation that offers such a climate.

How Are We Doing?

As we all know, unemployment remains the top concern. 2003 marked the third successive year of statewide job losses. When the final data for 2003 are in, they will show that total employment in Oregon has declined about eight-tenths of one percent. This follows declines of eight-tenths of a percent in 2001, and 1.3 percent last year.

Still, there are some hopeful signs. Our 2003 decline was less than in 2002, and our jobless rate, still among the worst in the nation, has started to come down. The trend in the past few months is encouraging. In October, unemployment stood at 7.6 percent, down from 8.5 percent in June 2003.

There's some favorable news in job creation, too. Since summer this year, Oregon payrolls have moved steadily upward. In October, we recorded the best employment numbers of the year – with 1,580,000 wage and salary workers employed statewide.

The outlook for the coming year, as a result, is much more favorable. The state economist predicts that Oregon is poised to grow once again. As the national economy strengthens, the Oregon economy is expected to follow suit, adding more than one percent to employment in 2004 and more than two percent in the following year.

The Legacy of the Recession

The recession and prolonged recovery in job losses have hurt Oregon far more than the nation. Since the economic peak in 2000, we have lost 45,000 jobs or almost 3 percent of our economy. This is nearly double the 1.5 percent decline in jobs nationally.

But this bad news conceals some underlying strengths.

Despite the weak economy, Oregon continues to be an attractive place for talented workers. Net migration to Oregon was higher in 2002, when our unemployment rate was among the nation's highest, than it was in 2000, when we had one of the nation's fastest growing economies. (Oregon ranks fifth in the nation in the net inflow of college-educated people in their mid 20s to late 30s.) This continuing inflow of people has the short run negative effect of driving up our unemployment rate, but in the long run underscores the strength of our labor force as an asset for economic prosperity.

As the Oregon Business Plan stresses, our economic well-being depends critically on the success of our traded sector industries. In fact, the most surprising silver lining in this recession has been the relative strength of our major traded-sector industries. In industry after industry, Oregon firms are outperforming their peers around the nation. For example, where high tech manufacturing has dropped 24 nationally over the past three years, it has been down only 15 percent in Oregon. The story is similar in fabricated metals, machinery, and transportation equipment.

In other sectors, like wood products and primary metals, Oregon firms are performing about the same as their counterparts nationally.

Why then, has Oregon suffered so much more in this recession than the nation as a whole? Oregon has what might be called as a portfolio problem. The state is far more dependent on manufacturing than the rest of the country. While manufacturing has declined nationally, and accounts for only 14 percent of Gross Domestic Product, it has increased in Oregon, and accounts for about 25 percent of our state GDP.

The Challenge in Manufacturing

As the national economy turns around and begins to grow more robustly, are we poised to get Oregon's economy back on track?

Over the past several months, an Oregon Business Plan task force on the future of manufacturing, led by retired Precision Castparts CEO William McCormick, has been interviewing senior managers from leading Oregon manufacturing firms in industries ranging from metals to high technology to forest products to apparel.

The preliminary findings of this work paint a picture composed of equal parts challenge and opportunity.

As we all know, major changes are unfolding in manufacturing. The global economy is here to stay, and the combination of outsourcing, automation, and technological change is going to mean that many of the jobs lost in the recession never come back. That's the bad news.

The good news though, is that while manufacturing in Oregon is changing, and some parts are going away or going overseas, manufacturing is not dying.

The untold story is that Oregon producers are among the best in the world in a number of fields, and will continue to be competitive here for decades to come, provided we maintain the right kind of environment for their evolution and success.

To begin with, many Oregon businesses have been world leaders in adapting to the global economy. Most of the big names in the Oregon economy, companies such as Nike, Intel, Tektronix and Hewlett-Packard, book a majority of their sales from markets outside the United States. Their success hinges on capturing and keeping global markets.

As it turns out, one of the essential ingredients to selling globally is producing globally, that is, making products close to and adapted to the needs of the end consumers in target markets. In addition, for some functions, particularly routine manufacturing and increasingly some routine services such as technical support, the ability to tap the low cost, and increasingly well-trained talent of emerging countries like China and India is critical to economically producing some products and services. As a result, many of these companies have placed or outsourced their low-skill, low-value and low-wage functions in overseas locations. In almost every case, there was no alternative. To keep these functions here would be to operate at higher costs and lose out to competitors taking advantage of production economies elsewhere. These low-end jobs will not be coming back, even when the recession is over.

The good news here is that while we're losing jobs on the low end, we're actually doing well at the high end. Oregon manufacturer's have been shifting their emphasis in local operations to research, development, and design, the critical high-end functions that pay the best wages and shape a company's competitive prospects.

Although the fact is not widely known, Oregon is a leading center of intellectual capital that sustains manufacturing activities worldwide. Intel designs and produces its most advanced chips in Oregon and develops its new manufacturing processes here before rolling them out to fabs worldwide. HP does the same with inkjet technology in Corvallis. All Nikes are designed in Beaverton; ESCO designs and prototypes metal bits in Portland. Freightliner has consolidated its principal North American truck design functions in Portland.

High-end, high-wage functions aren't just related to research and development, or technology. They involve the ability to manage and efficiently run a global enterprise, to understand and anticipate global markets, and to master the complex real-time logistics required by global manufacturing and distribution. And for the manufacturing that remains in Oregon, the skill levels required of front line workers are rising, too. Welders, for example, don't simply weld. They work with complex customized CAD systems and computerized management information systems.

One vitally important note needs to be made about these high-end, high-wage functions at our large, established manufacturing companies. As much as we must strive to keep these jobs and the companies that create them, they are not likely to be a significant source of job *growth* in Oregon. Established manufacturers are becoming increasingly efficient and increasingly focused on high-end functions in a global production system. Instead, most of the good new jobs are

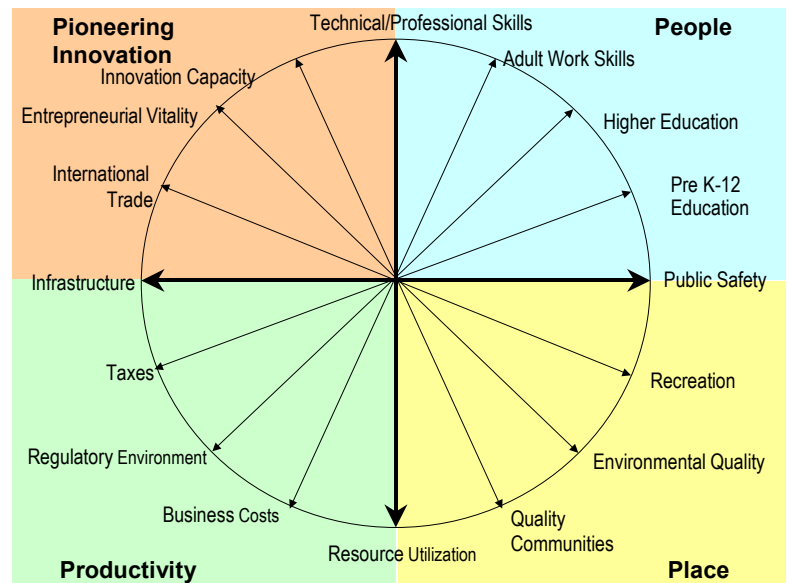
likely to come from the creation of new ideas, products, startups, and industry clusters. These will be driven by innovation and entrepreneurs.

Role of the Four P Strategy

The Four P strategy of the Oregon Business Plan is designed to accommodate these changes in the global economy. The principal idea is to make Oregon the location of choice for the high-paid, high-end functions of established traded-sector industries, and for innovators and entrepreneurs who will create the traded-sector industries of the future.

A culture of *Pioneering Innovation* spurs the creation of new businesses and industries and it enables existing industries to build competitive advantage with new products and strategies. This, in turn, depends on *People*, on our ability to educate, attract, and retain the talent that will keep our existing industries competitive and that will spawn the next generation of products, companies, and industries. Attracting and keeping such talent will depend, in turn, on Oregon as a *Place*, on our distinctive advantages in quality of life. And finally, we have to pay attention to our fourth P, *Productivity*, a business atmosphere of reasonable costs and reliable public infrastructure.

Last year, the Oregon Progress Board worked with the Oregon Business Plan Steering Committee to measure how Oregon stacks up on the 4P framework. This year, the Progress Board has gathered more data, which we have incorporated into a separate handbook, the *Oregon Business Plan Competitive Index*. As we move forward, we will carefully track Oregon's progress in all of these areas to help guide the work of the Oregon Business Plan.



THE INITIATIVE SCORECARD

The Initiative Scorecard which follows summarizes how Oregon is doing in implementing the initiatives recommended in the Oregon Business Plan. As readers will see, important objectives within the initiatives have been accomplished, and other objectives are well on their way to being achieved. The Scorecard plays a role in achieving results by keeping everyone informed of progress and accountable for results. It also reminds us that the Oregon Business Plan is much more than an economic vision. It is, in fact, a live, ongoing effort to create the conditions that make that vision a reality.

The Scorecard grows out of the Initiative Tracker on the Oregon Business Plan website, which was introduced shortly after the Legislature convened this past January. Based on information in the Tracker, the first scorecard was presented in draft form to the Summit Follow-up Conference held last spring at Willamette University. At that meeting, with the Legislature in session, some 400 delegates, including many public officials, had a chance to review the progress of initiatives recommended in the Oregon Business Plan. That review was captured in the *Stepping Up Scorecard* report issued June 19, 2003.

This Initiative Scorecard is a refinement of the June report and the website Initiative Tracker, which continues to be updated regularly. Please let us know if you have more up to date information on initiatives, or have concerns about how we are characterizing progress.

The Initiative Scorecard is presented in a series of tables organized so readers can quickly see the bottom-line results of particular objectives under each initiative. For those who are interested in particulars, details on action items and outcomes are presented immediately below the bottom line summary. Even more details are provided on the website Initiative Tracker.

Readers should note that the 12 initiatives scored here are only a beginning. These initiatives were deemed to be the most important to support the vision and framework of the Oregon Business Plan in its first year. At the December 1, 2003, Summit, additional initiatives will be considered, along with modifications to existing ones. In this respect, the Oregon Business Plan is a living, evolving document. It requires that we continue to talk to Oregonians, gather good information about Oregon's needs, adjust our priorities, and refine and update the Plan as we move along.

The Oregon Business Plan Steering Committee will adopt an updated set of initiatives in January 2004. We welcome comments on existing and potential new initiatives on the Oregon Business Plan website, www.oregonbusinessplan.org.

1. Stabilize public services financing and budgeting.

Revamp our system of public finance and budgeting to provide stable funding for critical public services and to create strong incentives for economic growth. In particular, overhaul the state's finance system and reconsider its spending priorities.

Objective 1: Fix the Oregon Public Employee Retirement System.

BOTTOM LINE: The Governor and Legislature did an excellent job of addressing PERS. The system for current employees was modified to substantially reduce Oregon's liabilities, and a simpler and fairer plan was established for new employees. The PERS board was modified to give taxpayers a greater voice in policy-making. Overall savings from HB 2003 are more than \$9 billion.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • Develop a full accounting of the liability. • Consider two alternatives for solving the problem: 1) adjusting balances and making program changes to reduce liabilities, and 2) terminating the program and transforming it into something along the lines of a 401(k). • Resolve this problem before the end of the 2003 legislative session in order to accomplish other critical work in stabilizing state finances. 	<ul style="list-style-type: none"> • An EcoNorthwest study in April 2003, forecast employer rates increasing to 24 percent of payroll over the next 25 years in the absence of system overhaul. • The Legislature made substantial adjustments to the existing system, rather than terminating it for existing PERS members. Changes in HB 2003 are expected to cut public employer pension costs in half, to less than 12 percent and save more than \$9 billion. HB 2005 reduces the size of the PERS board and gives it more balanced representation. (See www.OregonBusinessPlan.org for more details.) • HB2020, a PERS successor plan that passed in August, 2003, blends a traditional defined benefit plan with a 401(k)-style investment plan. Under this plan, all new public employees will earn a pension benefit equal to 45 percent of their final salary after working for 30 years. New hires will also get a 401(k)-style account funded by the 6 percent employee contribution (which is picked up by most employers). The new law increases the retirement age from 60 to 65 for general workers and from 55 to 60 for police and fire personnel.

Objective 2: Develop preferred and essentials-only versions of the 2003-05 budget.

Bottom Line: The Legislature balanced the budget under very difficult circumstances. Both the Governor and Legislature declared an end to budgeting as usual, applying zero-based budgeting concepts to their work. The Governor and Legislature have the opportunity to build on their work to improve the budget process for the next biennium. The Advisory Committee on Government Performance and Accountability is a good group with a good agenda.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • Develop a fiscal vision out to 2007-09 that ties budgeting to Oregon Benchmarks performance measures and that employs "re-engineering" teams of public- private leaders to look for efficiencies and cost savings in key public services that can be used to fine tune the 2003-05 budget. • Develop an essentials-only 2003-05 budget within the \$12.2 billion revenue forecast, resisting across-the-board cuts and instead employing zero-based budgeting submitted by agency heads. • Look for ways to slow spending growth in Medicaid and corrections. • Budget K-12 funding employing the Quality Education Model and related tools. 	<ul style="list-style-type: none"> • Governor Kulongoski appointed an Advisory Committee on Government Performance and Accountability to review management practices, streamline regulations, and evaluate status of the performance measurement process. Assisted by the Oregon Progress Board, the Committee will advise the Director of State Government Operations and the Director of the Department of Consumer and Business Services on ways to improve management and administrative procedures. Recommendations are due out December 2003 directed at the 2005-07 budget cycle. • The Legislature applied a zero based budget process this biennium to help determine how to best balance the budget within existing resources. • The Legislature approved a \$2.4 billion budget for Human Services, which is about \$200 million less than was allocated at the beginning of the 2001-03 biennium. The Legislature made major modifications to the Oregon Health Plan. • The Legislature approved a \$5.2 billion budget for schools and used the tools in the Quality Education Model to evaluate different K-12 funding levels.

Objective 3: Revamp the revenue system.	
Bottom Line: Oregon still needs revenue system overhaul aimed at tax base diversification, stability, economic growth, and fairness. The Legislature approved an interim committee to develop tax reform proposals for consideration during a special session in June 2004. A joint committee has been appointed and will go to work soon.	
The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • Stabilize the revenue system. Take a fresh look at alternative revenue sources, including a sales tax. Reduce capital gains and income tax rates as part of the package to stimulate economic growth. • Examine creation of additional reserve funds to support basic services during economic downturns. • After balancing the 2003-05 budget, present a tax overhaul plan to the voters. 	<ul style="list-style-type: none"> • No measures were passed in the 2003 Legislature to stabilize the revenue system over the long-term. The Legislature did form an interim committee to develop revenue proposals (see below). • In the 2003 Legislative session, several rainy day fund proposals were discussed, but none ultimately cleared both houses. • The Legislature approved HJR42 establishing a 20-member interim committee to develop a tax reform proposal and bring legislation to a special session after May 31, 2004. Twelve House members and eight Senate members have been named to that committee.

2. Expand Oregon's capacity for innovation.

Create quality jobs and businesses by increasing the state's research and development efforts, enhancing the commercialization of ideas, providing sufficient capital and management capacity, and increasing the technology skills of the Oregon workforce.

Objective 1: Increase high quality university research and commercial applications of that research.

Bottom Line: State leadership stepped up to fund Oregon's first Signature Research Center. Oregon's U.S. Senators have done a good job connecting federal dollars with this effort. The State still needs to provide seed money for the Higher Education Technology Transfer (HETT) fund and streamline the process for tech transfer.

The Details

Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Establish "signature research centers" which focus on the commercialization of ideas directly related to Oregon's knowledge-based and emerging industries. Integrate research and the commercialization of ideas in the missions and operations of state universities and the Oregon Economic and Community Development Department. Provide \$5 million in seed money to fund the Higher Education Technology Transfer (HETT) fund and tech transfer efforts in rural Oregon and traditional industries. 	<ul style="list-style-type: none"> The Legislature approved \$20 million in bonding to support the construction of signature research centers including a Multi-scale Materials and Device (MMD) Laboratory at the University of Oregon. In November, Congress passed a nanotechnology bill authored by Senator Ron Wyden that provides \$3.67 billion for nanotech research and development over the next three years. A diverse group of Oregon venture capitalists, researchers, business leaders, and the Oregon University System (called the Micro2Nano group), has come together to develop a collaborative program designed to take advantage of this legislation. Senators Wyden and Gordon Smith secured \$1.2M for the group's priority project to be housed at OSU. (See www.OregonBusinessPlan.org for more details on federal and state efforts.) SB 358, introduced during the 2003 State legislative session, would have revised the missions of the Oregon University System, Oregon Health and Sciences University, and community colleges to specifically endorse university research and the commercialization of ideas. It did not pass. SB 363, introduced during the 2003 State legislative session, would have provided \$4M for HETT funding and \$1M for technology transfer efforts for Oregon businesses. There was no funding available in the 2003 session.

Objective 2: Build capital support and managerial capacity for Oregon's businesses.

Bottom Line: Good start by establishing mechanism to fund emerging businesses with state trust fund dollars (HB 3613). SB 362 did not pass last session and the State still needs a way to attract senior level venture capital partners and researchers. OCKED will work with the Oregon Investment Council to link HB 3613 to top tier venture capital partners. Capital gains reductions should be a priority in any tax overhaul. (See public finance recommendations.)

The Details

Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Treat venture capital as an industry cluster, and leverage existing Oregon-based investments to encourage growth of an Oregon venture capital industry. Eliminate or reduce capital gains to stimulate investment in Oregon companies and new technologies. Offer incentives to attract to Oregon highly qualified venture fund managers and signature researchers. Establish training and networking programs to enhance entrepreneurial capacity and management depth in Oregon. 	<ul style="list-style-type: none"> HB 3613, signed by Governor Kulongoski on July 23, 2003, requires the State Treasurer and Oregon Investment Council to invest at least \$100 million of state trust funds in emerging Oregon businesses by January 1, 2008. The bill contains a clause that requires the investments "unless, under the circumstances, it is not prudent to do so." SB 361, introduced during the 2003 State legislative session, would have reduced the capital gains rate from 9 percent to 4 percent, but it did not pass. The bill may become part of larger revenue and tax reform discussions. (See public finance initiative recommendations.) SB362, introduced during the 2003 State legislative session, would have established a personal income tax exemption to a) qualified senior level venture capital partners that relocate to Oregon and invest at least \$2M per year in Oregon businesses and b) qualified senior level researchers with significant experience in large commercialized research efforts. The bill passed the Senate (21-6), but never made it out of the House. OCKED has made top-tier management a part of their 2003-2005 work plan.

Objective 3: Strengthen education at all levels to develop a knowledge-based workforce for a wide range of industries.

Bottom Line: A statewide Roadmap for IT workers has been completed. The State needs to stay very focused on workforce development for high-demand, technology- and knowledge-based occupations, especially incumbent worker training. The Legislature and Governor maintained their commitment to higher education and knowledge base industries by allocating \$21.4 million for engineering and computer science education.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • Develop a statewide workforce education strategy for high-demand, technology- and knowledge-based occupations that are central to the competitiveness of multiple industries across the state. • Increase the capacity of higher education to support knowledge-based industries. Support the recommendations of the Engineering and Technology Industry Council (ETIC) for increasing the number of people graduating with degrees in technology, engineering, and sciences. Increase the capacity and quality of business and information management programs. Increase access to college degrees through coordinated curriculum, distance learning, and transferability of credits among higher education institutions. • Increase the number of students aware of and prepared to enter science and technology fields, as well as the number of teachers who are competent in the use and application of technology in the classroom. Do this through industry- and university-sponsored involvement, and a scholarship fund and industry internships to upgrade the technology skills of teachers. 	<ul style="list-style-type: none"> • The Department of Community College and Workforce Development and OCKED have developed a statewide roadmap for establishing and maintaining a highly skilled technology and knowledge-based workforce and are working with the Governor's Office and State WIB to develop specific projects. SB 359, which did not pass in the 2003 Legislature, would have codified the development of the statewide workforce strategy. • The Legislature allocated \$21.4 million to support education investments in engineering and computer science education. • Planning for the 2004 International Science and Engineering Fair in Portland is under way, with Intel supporting half the costs and a variety of other companies contributing to ISEF.

3. Refocus economic development.

Refocus the Oregon Economic and Community Development Department to play a lead role in working with the business community to grow traded-sector industries, jobs, and investment statewide. Also, enhance the competitiveness of the state's traded-sector industry clusters.

Objective 1: Refocus state-level economic development.

Bottom Line: The Department and the Legislature have done a good job redefining the mission of OECDD and refocusing the department on business retention, expansion, and recruitment. The Legislature allocated \$10 million for a strategic reserve fund for OECDD to help carry out its new mission.

The Details

Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • The Governor and Legislature should formally declare that the Economic and Community Development Department (OECDD) is returning to its role in business retention, expansion, and recruitment. • Staff the Department to fulfill this role, and provide a substantial "strategic reserve" fund to work with industry. • Assign the Department and the Economic and Community Development Commission to be advocates for measures to enhance business competitiveness. • The Department should work with the Governor to systematically build relationships with existing and emerging industry clusters, and their associations, to address key issues. • Support technology as a catalyst for economic growth, particularly recommendations by the Oregon Council on Knowledge and Economic Development. 	<ul style="list-style-type: none"> • The Governor, the Economic Development Commission, and the new OECDD director have realigned the mission, organization, and budget of the department to strengthen business retention, expansion, and recruitment. HB 2011, adopted by the Legislature on August 23, codifies the refocused mission. • OECDD was allocated \$10 million for a strategic reserve fund. • HB 2011 directs OECDD to develop an economic development strategy for the state, and establishes the Governor's Council on Oregon's Economy to recommend methods for creating certainty in the development process. In March, the Governor issued an Executive Order charging OECDD, the Economic Revitalization Team, and other state agencies "to identify and prepare sites to make ready for immediate development opportunities" for industrial use. (See traded-sector lands initiative for more details.) • OECDD is working with partners to encourage growth of emerging and existing industry clusters. The Department and Oregon Business Council cosponsored a series of industry cluster planning meetings to hear from the many groups and individuals working on this topic. OECDD's Regional Development Officers have ten industry clusters to focus their work. • Support for technology transfer, as recommended by OCKED, is part of OECDD's refocus. OECDD funded an inventory and database of research and technology transfer activities and assets within the state. This work is being tracked in the initiative to "Expand Oregon's Capacity of Innovation."

Objective 2: Maintain a long-term commitment to rural community development.

Bottom Line: Community Solutions Team has been an effective tool in rural economic development and has been sustained under a new name – the Governor's Economic Revitalization Team.

The Details

Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • Oregon should continue to utilize the Community Solutions Team model to act on economic opportunities in rural communities. • The Governor should make certain that there is a staffed process in place to address rural policy concerns and to coordinate policies across state agencies that affect rural community and economic development. 	<ul style="list-style-type: none"> • HB2011 continues the operations of the Community Solutions Team – now called the Governor's Economic Revitalization Team – and makes it statutory. Current projects include industrial site readiness statewide and engaging local leadership to further rural economic development. • See above.

4. Continue to build a first-rate K-12 education system.

Press the quest to achieve measurably the best educated and prepared students in the nation, equal to any in the world.

Objective 1: Build a state-of-the-art assessment and management information system to save dollars, support school improvement, increase the usefulness of information.

Bottom Line: The Legislature affirmed and sustained the system of high standards and assessments contained in the Education Act of the 21st Century. The Department needs to continue to improve its data management system.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Develop a data management system that provides schools with student performance data in forms that can be easily used for school improvement planning. Engineer the data management and transfer infrastructure required to enable Internet-based assessment and electronic learner profiles. Pilot this system in 2003 and fully implement it by the 2004-05 school year. Adjust and modify the state assessment system so that it is in full compliance with the federal "No Child Left Behind" legislation. 	<ul style="list-style-type: none"> The Department of Education has placed top priority on ways to improve data management and reporting. See above. Pilots of the computer-based assessment are highly successful; resources to expand this assessment system were included in the Department's budget. Data on student performance indicates later success. The First Year Study found that 6,082 OUS and 12,519 community college students who met academic standards in high school were more likely to succeed in their first year of college than those who did not meet standards. HB2744, signed by the Governor in June 2003, modifies the state assessment system to align with the No Child Left Behind Act and to simplify the system. Oregon's congressional delegation strongly supports full funding for No Child Left Behind. The U.S. Department of Education approved Oregon's accountability standards as complying with No Child Left Behind.

Objective 2: Use the tools of the Quality Education Model to establish the 2003-05 budget and meet mandated requirements for matching Oregon's K-12 funding to its K-12 goals.

Bottom Line: The Quality Education Model was used by many State Legislators this past session and it is now an established tool for budgeting.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Establish key learning goals to be accomplished, including continued gains at all grade levels. Use the data from the Quality Education Model database as a tool to help identify opportunities for cost savings and to set priorities and performance expectations. Actively encourage schools and districts to seek waivers and legislative change to help them meet standards as part of the budget discussion. As part of setting the funding level, the Legislature should define school program levels and performance expectations and allocate funding to meet those expectations. Continue to track school spending and performance using the Database Initiative. Identify patterns of effectiveness from the Database Initiative and share these best practices statewide. Expand the data collected by the Database Initiative to include information on how well schools are functioning as measured by QEM Quality Indicators. 	<ul style="list-style-type: none"> The Legislature approved a \$5.2 billion budget for school and used the tools in the Quality Education Model to evaluate different K-12 funding levels. The Ways and Means chair asked districts to identify waiver opportunities to improve effectiveness of schools. The Quality Education Commission has offered to help set performance expectations for the current \$5.2 billion budget allocation. The database tracking system is included in the budget. The Quality Education Commission and the Department of Education are exploring how to make the tracking system more widely accessible and user friendly. See above. See above.

Objective 3: Develop a statewide strategy to close the achievement gap significantly and reduce the dropout rate dramatically.

Bottom Line: This is a good start on closing the gap. We need to deliver results on the ground by redesigning high schools and expanding professional development that teaches to Oregon's high standards.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Identify the districts and schools that account for the majority of the achievement gap and dropout rate. Diagnose the current state of functioning and the necessary changes that need to occur in these schools for them to close the achievement gap and reduce the dropout rate. Institute policies, allocate resources, and provide technical assistance to enable struggling schools to close the achievement gap and reduce the dropout rate. Closely monitor their progress and make necessary modifications to the plan, based on additional data collected at regular intervals. Hold local central administrators and boards of education accountable for results. Identify successful practices that lead to the eventual closure of the achievement gap in these schools and require all schools with an achievement gap to implement these practices or provide a comparable plan to close the gap and reduce the dropout rate. Involve the local parent and business community in these efforts and keep them well informed of plans and progress. 	<ul style="list-style-type: none"> State Board and Department of Education have made this a key priority. Information on the achievement gap will be highlighted more visibly through modifications of the assessment reporting system required under "No Child Left Behind." Department is working with school districts to develop strategies for closing the achievement gap. See above. Closing the achievement gap is a primary goal of a grant from the Meyer Memorial Trust and the Bill & Melinda Gates Foundation to establish the Oregon Small Schools Initiative. Working through E3: Employers for Education Excellence, the initiative will improve educational options for low-income and minority students by partnering with communities and school districts to start new small high schools and transform large ones. Successful models will be replicated in other communities. Senators Ron Wyden and Gordon Smith have asked the Congressional Research Service to study how well Oregon schools compete in grant competitions, compared with other states, to identify potential funding sources. The Senators have also created a taskforce that is developing a list of programs for the state school superintendent's office to pursue.

Objective 4: Reconfirm and communicate the vision for education among all stakeholders, particularly focusing on teachers as key drivers of reform.

Bottom Line: With significant resources now being directed to this effort, this is a great opportunity to advance broader public understanding of school reform in Oregon. Oregon needs to focus on communications in 2004 and beyond.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Develop a clear, consistent message regarding the vision and successes of school reform and communicate it broadly throughout the state. Employer, philanthropy and community groups should take the lead in developing this communication. 	<ul style="list-style-type: none"> E3: Employers For Education Excellence is building a statewide communications program in partnership with other education groups. Employers and foundations have provided substantial financial support for E3's efforts. Five Oregon foundations have formed the Chalkboard Project to work with Oregonians to achieve a shared understanding and progress relative to improved K-12 public education in Oregon.

Objective 5: Re-examine the underlying governance systems for education, both K-12 and postsecondary, looking at the roles of all officials and organizations involved.

Bottom Line: The Board of Education and Quality Education Commission should explore governance options to present to the Governor and Legislature.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Appoint a task force or commission to study the entire educational policy and governance system and to make recommendations to streamline this system and align it with the goal of improving student achievement in all Oregon schools. 	<ul style="list-style-type: none"> The Board of the Education and the Quality Education Commission jointly are exploring how to address present governance options to policy-makers.

5. Redesign the way Oregon invests in post-secondary education.

Build an integrated investment framework for all of post-secondary education that targets dollars to highest priority public needs – and which gives our institutions greater flexibility to meet those needs.

Objective 1: Oregon state government should recast its role in supporting higher education.

Bottom Line: Governor Kulongoski's recently announced post-secondary initiative is very promising. The Governor is committed to taking a fresh look at how to meet critical goals for post-secondary access: quality and investments that support economic growth.

The Details

Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> The state should stop thinking of itself as an owner and manager of post-secondary institutions, and begin thinking of itself and acting as an investor in post-secondary services and outcomes. 	<ul style="list-style-type: none"> Governor's focus on this issue creates opportunity to rethink state role in post-secondary education.

Objective 2: Look at all of the state's 2003-05 post-secondary education budgeting as a single menu.

Bottom Line: This objective has not been accomplished. The State still needs to develop a consolidated funding menu to help understand tradeoffs and to target resources to highest priority needs.

The Details

Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> For 2003-05, develop a consolidated state funding menu for post-secondary education that helps policy-makers target the highest needs for student access, research, and public services across community colleges, public universities, and independent institutions. Give priority to access for students of limited financial means and continued investment in engineering and computer science education. 	<ul style="list-style-type: none"> The budgets for community colleges, public universities, and independent institutions were not consolidated. Need-based aid was increased to partially offset anticipated tuition increases. Engineering investment was continued at roughly last biennium's level.

Objective 3: Accord OUS campuses greater flexibility.

Bottom Line: SB437 is a promising first step that gives Oregon's public universities greater freedom to serve critical needs. The Governor and Legislature should consider additional steps as part of a larger review of post-secondary education policy.

The Details

Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Adopt new legislation and rules granting OUS schools greater flexibility to set tuition and enrollment levels. Also accord them greater flexibility to determine program offerings, buy and sell property, raise and spend money, keep interest earned on their own funds, and contract legal and construction services. 	<ul style="list-style-type: none"> OUS tuition proposals were accepted by the Legislature. However, no new rules granting ongoing tuition flexibility were passed. SB 437, signed by the Governor in August, affords OUS campuses greater flexibility in several areas including: 1) streamlining the process of having new academic degree programs approved; 2) allowing OUS to buy, sell, hold, and dispose of real or personal property; 3) providing for exemptions from competitive procurement procedures; 4) exempting the OUS from Department of Administrative Services information technology rules and requirements; 5) allowing OUS to dispose of worn out or obsolete equipment without the approval of the Department of Administrative Services, and direct interest earnings from the sale of surplus goods to OUS; and 6) allowing the OUS Board to delegate duties, functions and powers to institutions within the OUS.

Objective 4: Study and propose permanent new integrated models of post-secondary education budgeting and governance.	
Bottom Line: The Governor, through his post-secondary education initiative, is taking the lead in rethinking post-secondary education budgeting and governance. The details of this initiative will be spelled out in the weeks ahead.	
The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • Activate and fund the Post-Secondary Education Opportunity Commission authorized by the 2001 Legislature in HB2015 (or form an equivalent panel). • Propose an integrated zero-based post-secondary education budget model and process. • Recommend the extent of institutional autonomy and governance that should be afforded to state universities. • Recommend a governance structure that better enables the state to manage its overall post-secondary education investments and responsibilities. 	<ul style="list-style-type: none"> • While most action items have not yet been detailed, the Governor's post-secondary initiative, announced in November 2003, will address post-secondary governance and budgeting.

6. Strengthen engineering and computer science education.

Increase the number of highly skilled engineers and computer scientists available to Oregon employers, and expand opportunities for Oregonians to pursue high wage and prestigious professions.

Objective 1: Double the number of undergraduate engineering and computer science degrees granted by Oregon colleges and universities. Improve the quality of all Oregon college and university engineering and computer science education programs. Increase the technical readiness of all college and university graduates for the workplace.

Bottom Line: The Legislature deserves credit for allocating significant funding for engineering and computer science education but many challenges remain and investments should continue.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Invest \$40 million in public funding for the 2003-2005 biennium to implement the Engineering and Technology Industry Council (ETIC) proposal for engineering education. Match public dollars with over \$67 million in private funding. Compete new engineering buildings at Portland State University and Oregon State University. Add 61 new high quality engineering and computer science faculty. Add or upgrade 30 engineering and computer science teaching and research laboratories and signature research centers beyond those planned for the new PSU and OSU buildings. Increase industry-sponsored undergraduate student scholarships from 110 to 150 annually. Increase student participation in pre-college science and math programs by 50 percent – from 2,000 to 3,000 students annually. 	<ul style="list-style-type: none"> \$21.4 million in public funds were allocated this biennium to support education investments in engineering and computer science education. \$37 million in private support is expected during the biennium. These funds will be used to hire 17 faculty members and invest in engineering and technology programs at eight campuses, increasing the growth in graduates and externally funded research of these programs as well as their national rankings. Since the adoption of the Oregon Business Plan, the state's Congressional delegation has successfully procured over \$2.4 million to help fund construction of PSU's Northwest Center for Engineering, Science, and Technology and programs to be housed in the new center.

Objective 2: Provide a robust network of degree and non-degree continuing professional education programs for working engineers, computer scientists and other knowledge workers.

Bottom Line: There is a significant need to provide high quality incumbent worker training to keep our existing knowledge workers up to date and competitive.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Expand professional development offerings through the Oregon Center for Advanced Technology Education by 25 percent. 	<ul style="list-style-type: none"> A review of professional engineering education programs began in the summer 2003. Considerations in the review include needs analysis, available resources and partnerships, as well as possible new program content and delivery methods. OCKED completed an IT Occupational Roadmap that identified professional education needs for 71,000 Oregon IT workers.

7. Enhance forest resource benefits to the economy and the environment.

Build economic strategies based on Oregon's strong environmental performance, resulting in market advantages for Oregon wood products, landowner rewards for environmental contributions, encouragement of new forestry investments, reduced risk of catastrophic wildfire, and public-private collaboration on conservation solutions.

Objective 1: Replace *disincentives* to environmentally desirable actions on the part of landowners with *incentives* through public-private partnerships such as The Oregon Plan for Salmon and Watersheds and the Applegate Fire Project in southern Oregon.

Bottom Line: There are significant accomplishments in this area. We need to continue to aggressively pursue federal buy-in for the Oregon Plan.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Support and improve the Oregon Plan at the state and local level and work toward a full federal "buy in." The Oregon Plan offers the best opportunity to surpass federal environmental requirements while retaining the productive capability of forestland. Provide the right incentives for productive, environmentally responsible forest management, recognizing that "all lands are not created equal" in terms of productive capacity or conservation values. Use incentives to align management regimes with range of desired outcomes. If necessary, arrange land exchanges to better match forest ownership with management objectives. 	<ul style="list-style-type: none"> Then-Gov. Kitzhaber and Gov.-elect Kulongoski jointly signed a letter requesting that the Oregon Plan be recognized by the federal government as fulfilling salmon protection requirements. Oregon is positioned well with federal officials to make this happen. The Oregon Department of Forestry is engaged with federal regulatory agencies, notably NOAA Fisheries, in finding ways to utilize mechanisms available within the Endangered Species Act to fully exploit the Oregon Plan's potential as both conservation incentive and forest investment incentive. Oregon HB 3616, signed by the Governor in July 2003, promises more regulatory certainty and reduces the risk of higher property tax for landowners managing lands for habitat conservation.

Objective 2: Help Oregonians understand both the economic and environmental benefits of utilizing the productive capacity of our forests.

Bottom Line: Building a new consensus on integrated management of federal, state, and private forest land is off to a good start but needs to be pursued steadily over the coming years.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Build public consensus for a forest management approach to the "working landscape" that balances and integrates conservation and wood production priorities in alignment with the goals of private, state and federal landowners. 	<ul style="list-style-type: none"> The Oregon Board of Forestry recently adopted the <i>Forestry Program for Oregon</i>, a strategic vision for Oregon's forests, which helps frame public discussion on forest resource issues. It calls for a sustainable approach to forest management across the landscape that integrates economic, environmental, and social values and objectives with those of diverse landowners. Public hearings and extensive dialogue about the new Forestry Program for Oregon has helped clarify values Oregonians attach to their forests and helped build consensus around sustainable forestry principles and goals. An OFRI study now underway will document actual and potential added economic contributions of forestry within the context of sustainable practices.

Objective 3: Identify Oregon wood products with environmentally responsible forest management.

Bottom Line: The Governor has just appointed a point person for his Brand Oregon efforts. Efforts are underway to build recognition for Oregon products from sustainably managed forests.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Develop a marketing strategy associating Oregon wood products with sustainable forest management. 	<ul style="list-style-type: none"> The Brand Oregon initiative, a separate part of the Oregon Business Plan, will include forest resource and marketing concerns. Efforts are underway for forest landowners to develop their own strategy within that framework.

Objective 4: Manage Oregon's federal forests to restore health, reduce the risk of severe fire and create jobs in rural communities.

Bottom Line: The Governor needs to find ways to lend his voice to the call for ecosystem as opposed to single-species management. He can help convey to the public that needed reforms, to the Endangered Species Act for example, will enhance forest health and habitat.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Revise federal laws so that "static" forest management strategies and protection of single species are not pursued at the expense of long-term forest ecosystem health, including protection of forests from severe fire, pests, and drought. 	<ul style="list-style-type: none"> This is a long-term effort. A major conference was held this fall bringing together experts to consider policy changes needed in regard to fire and long-term forest health issues.

Objective 5: Increase Oregon's federal forestland contribution to available timber supply without compromising environmental goals.

Bottom Line: Senator Wyden and Congressman Walden deserve tremendous credit for helping to shepherd the compromise Forest Health bill through both houses. This is a great bill that will benefit Oregon.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Move quickly to implement thinning and other management actions needed to create federal forest conditions that will be less vulnerable to severe fires, disease and other threats. Expedite essential environmental assessments and enable proactive, collaborative citizen involvement to reduce appeals and time consuming review procedures. Focus strategically on federal forests in areas of highest risk and where the greatest community and conservation benefits will accrue. 	<ul style="list-style-type: none"> Under the leadership of Senator Ron Wyden and Congressman Greg Walden, Congress passed a landmark Forest Health bill in November. Among other things, the bill will limit appeals, limit judicial injunctions, require judges to balance the short term harms of forest actions with long-term benefits of those actions, and allocate significant resources for fuel-reduction and thinning projects on up to 20 million acres of federal land at high risk of fire. The bill is expected to create jobs in rural Oregon while protecting communities from catastrophic forest fires.

Objective 6: Build solutions to conservation priorities through public-private collaboration that moves Oregon beyond conflict and its huge drain on time, money, human energy, and good will.

Bottom Line: The Oregon Plan for Salmon and Watersheds, through its community-based, multi-interest watershed council structure, remains the exemplary vehicle for collaborative solutions. Funding the plan and its on-the-ground projects must remain a high priority.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Promote collaboration among government agencies, private landowners and solution-oriented conservation advocates, marginalizing "either/or" perspectives. The vast majority of Oregonians wants forest management and other decisions to be balanced and fair, and is increasingly alienated by conflict. 	<ul style="list-style-type: none"> A public opinion survey recently conducted for the Oregon Forest Resources Institute reveals strong public support for collaborative approaches to forest management.

Objective 7: Continue to move Oregon wood to higher value and specialty products (e.g., research-based engineered products) in addition to commodity products.

Bottom Line: Good start on this action item and the work should continue.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Renew investments in forestry related higher education, research, tech transfer for innovators, new knowledge-based resource businesses, and continual improvement in existing businesses. 	<ul style="list-style-type: none"> Discussions of improved partnering between Oregon-based research capability and federal agencies are taking place and aim toward better application of resources to forest health and productivity.

8. Invest in roads and bridges.

Start meeting the large backlog of needed maintenance and upgrades to our roads and bridges.

Objective 1: Fill backlog of the most critical maintenance needs and upgrades to roads and bridges

Bottom Line: The Legislature and Governor deserve tremendous credit for passing HB2041--the largest investment in transportation infrastructure since World War II. The resources should be put to work at once.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • Increase vehicle registration fee to \$30 to enable \$840 million in bonding to fund projects. • Use bonding capability to immediately raise revenue for critical road and bridge projects. • The Legislature should enact this action item within the first 45 days of the 2003 session. • Provide for general road maintenance and system improvements through a 2-cent gas tax increase, and index the gas tax to compensate for inflation. This would generate roughly \$50 million per year. 	<ul style="list-style-type: none"> • In July 2003, Governor Kulongoski signed HB 2041 into law. HB2041 will raise \$112.6 million each year by increasing car registration fees from \$30 to \$54 per biennium, bump car title fees from \$30 to \$55, and increase the weight-mile tax for truckers. This will make available up to \$2 billion in bond borrowing over the next 10 years and another \$700 million to \$800 million without borrowing. This will address about \$1.6 billion of Oregon's most pressing bridge needs, and allow \$500 million to update and expand roads. The funding is only a down payment. Oregon's overall bridge needs alone total \$5.1 billion. • There has been no support for a gas tax for roads.

Objective 2: Through innovative financing that might include tolls, earmarked federal funds, and state highway funds, complete eight projects of statewide significance identified in the Statewide Transportation Investment Plan.

Bottom Line: Oregon is doing a good job in coordinating the pursuit of federal funds. Need to complete this work. We need to continue this good work as the TEA-21 funding process proceeds.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • Work with Congressional delegation to ensure federal matching funds on important road construction projects: <u>I-5 Columbia River Crossing</u> (Portland/Vancouver), <u>Sunrise Corridor</u> (between I-205 and U.S. 26), <u>I-5 to Highway 99W</u> (Tualatin – Sherwood Bypass), <u>I-205 from the Columbia River to I-5</u> (Eight sections of I-205 are seriously congested. A study is needed to prioritize specific projects.), <u>I-405 Loop</u> (An analysis of the I-5/I-405 loop's future performance and prioritization of locales for project development is needed.), <u>Newberg Dundee Transportation Improvement Project</u>, <u>Highway 20</u> (Corvallis/Newport) Eddyville next phase, and <u>Highway 62 units 2 and 3</u> (Medford). 	<ul style="list-style-type: none"> • Efforts are underway at both the state and federal level to secure funds for the eight projects of statewide significance as well as the nine federal earmark candidate projects approved by the Oregon Transportation Commission. More federally earmarked projects should be added to this list. Senators Wyden and Smith recently secured \$3.5 million to begin preliminary design work on the strategic plan for the I-5 Columbia River Crossing, as well as earmarks in the Transportation Appropriations conference report for the Newberg-Dundee Bypass (\$500,000), the Sunrise Corridor (\$500,000), and I-205 (\$1 million).

Objective 3: Aggressively pursue federal funding for high-priority Oregon highway projects.

Bottom Line: Oregon is doing a good job in coordinating the pursuit of federal funds. Need to complete this work. We need to continue this good work as the TEA-21 funding process proceeds.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • Identify projects of statewide significance eligible for TEA-21 funding. • Develop a coordinated strategy with the Oregon congressional delegation to pursue such funding. 	<ul style="list-style-type: none"> • The current federal authorization expired in September. Oregon is working with the federal delegation to increase the percent of formula dollars sent to the state, craft policy/program language which better positions the state to compete for discretionary funds, and secure funds for those projects that will be earmarked in the legislation.

Objective 4: Pilot new forms of revenue collection.	
Bottom Line: This work is proceeding well. The search for alternatives to the gas tax should continue.	
The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Pilot new metering technology based on vehicle miles traveled to learn the feasibility of this revenue collection system as an alternative to the gas tax. 	<ul style="list-style-type: none"> This project, under study by a road user task force, began testing technology in summer 2003 in preparation for the start of the mileage fee pilot program in spring 2004.
Objective 5: Obtain cost efficient and speedy delivery of transportation projects much sooner than can be accomplished with traditional approaches.	
Bottom Line: SB772 is a good bill and ODOT should quickly find ways to use its new authority to create public-private partnerships.	
The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Create within ODOT an Innovative Partnerships Unit to facilitate private sector involvement in Oregon Transportation Projects. 	<ul style="list-style-type: none"> SB 772 was signed into law by the Governor in September 2003. The bill will grant ODOT additional authority to enable creation of public-private arrangements for appropriate transportation projects. ODOT is examining project possibilities for use of the new authority.
Objective 6: Reduce project delays and contain costs by getting interested parties, particularly permit-granting agencies, involved as early as possible.	
Bottom Line: The jurisdictions are doing a good job in this effort. They should continue to press ahead.	
The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Strengthen relationships between local and state transportation agencies and permit-granting agencies at all jurisdictional levels. Educate and inform personnel at permit-granting agencies about project needs, design, cost benefits, and impact mitigation. Where necessary, assist permit-granting agencies in building project expertise and review capacity. 	<ul style="list-style-type: none"> This will be incorporated in the Governor's regulatory streamlining effort, part of a companion initiative in the Oregon Business Plan. ODOT is working to better link up with other state agencies with regulatory responsibilities, as well as federal and local jurisdictions. ODOT is farther ahead in its linkages with federal agencies.

9. Improve air access and trade infrastructure.

Retain Oregon's existing international, regional, and in-state passenger and freight air connections, and add to them. Improve the market reach and productivity of Oregon businesses through efficient trade related transportation infrastructure investments.

Objective 1: Assure Lufthansa's success

Bottom Line: Lufthansa's first year of service to Europe continues to be a success. The State and business community should continue to support this service and trade and tourism development.

The Details

Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Encourage "travel bank" participants to meet the commitments they made to purchase business travel on the new service; also encourage wider community use. Obtain promised state funding for Europe tourism promotion. Negotiate PDX fee relief promised in the Lufthansa deal. 	<ul style="list-style-type: none"> The Port continues to work with Lufthansa (LH) and the community on long-term retention and growth of this service. All companies in the LH travel bank expect to meet their commitments by the end of the first year of service and some have already exceeded their commitments. Due to seasonality and a weaker than anticipated outbound leisure market this winter, LH is operating 5 weekly nonstop flights until spring 2004. Seven day a week service will resume at the end of March 2004 (See www.OregonBusinessPlan.org for more details.) HB 2267 was signed into law by the Governor in September 2003. The bill creates a statewide 1 percent lodging tax and will raise \$7 million per year for tourism marketing. Funds from this tax will be available beginning in July 2004. The Oregon Tourism Commission is charged with making decisions on the use of these funds for leisure inbound marketing. In March 2003, airlines and Port approved a one-year waiver of \$2 million in landing fees and terminal rents for Lufthansa.

Objective 2: Build on the Lufthansa deal.

Bottom Line: Work to secure passenger air service to Asia is progressing rapidly and the State and business community should continue to support these efforts as well as the retention of the region's cargo service. Oregon is enjoying unprecedented international access by air. However, the international air service market is fragile, competitive and changing. Oregon must continue to support its nonstop services or risk losing them.

The Details

Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Leverage the new Lufthansa service to Germany with fellow Star Alliance carriers All Nippon Airways and Singapore Airlines, or another carrier, for daily, nonstop service to Asia. Leverage the new Lufthansa service to expand and develop business opportunities in Europe for regional companies. Position PDX for expanded air cargo service to Southeast Asia by monitoring bilateral treaties and initiating relationships with countries such as Vietnam. Present a compelling business case and risk mitigation plan to Mexicana Airlines in the next few months. 	<ul style="list-style-type: none"> The Port of Portland has had ongoing conversations with ANA, Singapore and Korean Airlines at all levels. The Governor and Port officials visited top airline executives in Asia 5/12-16/03. In September, executives from Northwest Airlines (NWA) came to Portland to speak with Port officials and area business leaders about adding a nonstop flight to Tokyo Narita from PDX. Over 130 companies pledged \$9 million to show support for the NWA Tokyo service. The Port is cautiously optimistic that NWA's own business case analysis will compare favorably with the one presented by the Port in August. (See www.flypdx.com for more details). To build trade ties with Europe, the Governor, Port, State, and business and trade community of Oregon and Southwest Washington sent a trade mission to Europe in late September. The Port hired a consultant to provide research needed for long-term European inbound business development. For its size, the region has strong air cargo service to Asian and European markets. It has thrice weekly freighter service from Portland to Seoul with continuing service throughout Asia on Korean Air. Air China Cargo offers twice-weekly service to mainland China – Oregon's fastest growing air export market. The Port continues to monitor bilateral treaties and is developing relationships with airlines that serve Southeast Asia. Mexicana began thrice weekly nonstop service from PDX to Guadalajara, Mexico on May 1. Airlines and the Port approved a one-year waiver of \$400,000 in landing fees and terminal rents for Mexicana in April 2003. The region's tourism interests have been working with Mexicana to develop inbound tourism potential.

Objective 3: Promote the viability of in-state air service.	
Bottom Line: Businesses and the State should work to make charter service viable to rural airports.	
The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • Make air charter service to Oregon's rural airports a noteworthy success through frequent usage. 	<ul style="list-style-type: none"> • Charter service to Oregon's rural airports is a focus of the Aviation Board. SkyTaxi was providing this service for many rural airports, but has now suspended all flights due to financial difficulties.

Objective 4: Prioritize and fund transportation projects that demonstrably contribute to economic vitality.	
Bottom Line: Good start. The Freight Advisory Committee should identify freight mobility choke points that significantly impede economic success, as well as multimodal infrastructure improvements that will significantly leverage economic activity. These should be built into state and regional transportation funding priorities. More effort needs to be placed on a comprehensive approach to freight mobility in the Portland region and state.	
The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • Identify key freight corridors and chokepoints statewide based on the statewide commodity flow forecast and clear economic objectives for industrial growth. • Develop a funding strategy for a short list of rail and road improvements. Identify public private/partnership opportunities. • Use the next statewide transportation funding effort (OTIA II) to fund targeted improvements, especially those intended to provide efficient access to multi-modal facilities. • Coordinate the use of federal transportation funds to support targeted improvements. • At the regional level, coordinate and target MTI P and other funds to transportation improvements that provide the region with a sustainable economic return. 	<ul style="list-style-type: none"> • The Oregon Freight Advisory Committee has identified key freight corridors based on state, regional and local transportation plans. The Freight Advisory Committee will be identifying key freight projects over the next year to be included in Oregon Transportation Investment Act (OTIA) III. • The I-5 Transportation and Trade Partnership strategic plan identified priority rail and road projects and the need for a funding strategy for these projects. Senators Wyden and Smith recently secured \$3.5 million to begin preliminary design work on the I-5 strategic plan. The Oregon and Washington departments of transportation are evaluating public-private partnership funding opportunities for the I-5 trade corridor. • The Oregon Transportation Investment Act, approved by the Legislature in July 2003 included a \$100 million in modernization funds. This funding will be used to support jobs, industrial land access, and freight mobility. Funding decisions will be made early in 2004 by the Oregon Transportation Commission with input from the Oregon Freight Advisory Committee, Oregon Economic and Community Development Department and Governor's office. • The Port has proposed that Ramsey Rail Yard and Columbia Intermodal Corridor projects be included for funding in the next federal transportation bill. The Senate version of this bill includes language on designation of key freight gateways that should bring additional federal funding. Oregon should act to ensure that we capitalize on this opportunity. • In the 2003 MTIP, the region approved \$500,000 for a regional freight data collection project, \$2 million to study truck/rail improvements needs on Columbia Boulevard, and other requested freight projects.

Objective 5: Deepen the Columbia River navigation channel.	
Bottom Line: This important priority appears to be on track. The State's Congressional delegation deserves credit for securing federal funds for this effort. Federal funding for construction is needed in 2004 and beyond.	
The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • As the final step in the regulatory approval process complete the state coastal zone and water quality reviews for the deepening project on their current schedules, allowing Oregon to issue lottery backed revenue bonds committed by the 2001 Legislature and Governor. • Secure funding for the channel deepening. 	<ul style="list-style-type: none"> • Oregon and Washington issued water quality and coastal zone approvals for the channel improvement project on June 23, 2003. • HB 3446, reauthorizing \$27.7 million in lottery-backed bonds for the Columbia channel deepening, passed the Oregon Legislature on August 23, 2003. In early November, the Oregon Congressional delegation successfully included \$3.5 million for the channel deepening project in the Energy and Water Appropriations conference report for FY2004. A Record of Decision on the project by the U.S. Corps of Engineers is expected in early 2004.

Objective 6: Ensure an adequate supply of suitable industrial land for warehousing and distribution and other specialized industrial uses.	
Bottom Line: There is good work occurring on these action items. See the following initiative on land use.	
The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • Establish greater planning control over industrial lands to prevent conversion to other uses, including preservation of large lots in the industrial land division process and protection of key freeway interchanges and other industrial access streets. • Require a minimum 20-year supply of industrial and commercial land. • Identify infrastructure needed to serve both existing industrial development and new industrial sites. 	<ul style="list-style-type: none"> • See initiative to "Make land available for traded-sector development."

10. Make land available for traded-sector development.

Ensure that our land use system provides an adequate short- and long-term supply of land for traded-sector industry and critical wholesale and warehousing that supports industry, while protecting other critical values important to Oregon's quality of life.

Objective 1: Embed in Oregon's economic development strategy a provision for land use policies and procedures that are up-to-date and responsive to Oregon's economic development goals.

Bottom Line: The Governor's Industrial Lands Taskforce noted that Oregon's landmark land use law (SB 100) already contains a provision (Goal 9) for land for economic development. The State needs to continue to emphasize Goal 9 in all its economic development efforts, including those listed below.

The Details

Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> In Oregon Shines III, its update of Oregon's strategic plan, the Oregon Progress Board should link land use strategies and supporting rules and procedures to the state's economic development goals. 	<ul style="list-style-type: none"> Funding for an Oregon Shines III effort is currently uncertain, but industrial land needs are being addressed in other ways, such as HB 2011 and the Governor's Executive Order on Industrial Lands (see below).

Objective 2: Make sure that economic development priorities and needs are represented in the development of administrative-level land use policies, rules, and in review of important projects.

Bottom Line: The Governor's Industrial Lands Taskforce and Economic Revitalization Team (ERT) have done great work. HB 2011 is a good bill and the Governor, ERT, OECDD, DLCD, and other state agencies should continue their work to identify and prepare land for traded-sector development.

The Details

Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Through DLCD and OECDD, help local governments analyze short-term land needs and supply, prepare economic development strategies, and remove development constraints. Place an economic development administrator within the Department of Land Conservation and Development to work with the department, LCDC, and other state agencies on land use matters with economic implications. 	<ul style="list-style-type: none"> In March, the Governor issued an Executive Order setting up an Industrial Lands Taskforce that released policy recommendations in November 2003. (Report available at governor.oregon.gov.) The Executive Order also directs the Economic Revitalization Team (formerly Community Solutions) to identify and prepare industrial sites "to make ready for immediate development opportunities." ERT will have several sites certified under the new "Shovel Ready Industrial Sites Initiative" by early 2004. HB 2011, signed into law in September 2003, has several provisions that apply to economic development and land use policy. These include: 1) Establishing the Economic Revitalization Team and directing ERT and OECDD to work with local governments to identify 25 "opportunity sites by December 15, 2003. 2) Requiring ERT to work with other state agencies (including DLCD and OECDD) to coordinate and streamline state policies, programs, and procedures and provide coordinated state agency assistance to local governments.

Objective 3: Create a capital investment fund and program to provide public infrastructure improvements to industrial sites in a timely way so economic development opportunities can be captured.

Bottom Line: Good work approving funds for infrastructure improvements. The Legislature should continue to make these improvements a priority.

The Details

Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> Approve funds in the State Legislature for public infrastructure improvements to industrial sites. 	<ul style="list-style-type: none"> The Legislature approved \$27.6 million for the Public Works (Revolving Loan) Fund to allow for the infrastructure development of industrial sites identified by GERT and OECDD.

Objective 4: Identify and rectify significant sources of unwarranted project delay in the land use review and appeal process.

Bottom Line: A statewide body, such as the advisory committee recommended below, needs to monitor our land use review process for unwarranted delays.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • Authorize and carry out a public-private study of land use reviews and appeals. 	<ul style="list-style-type: none"> • A comprehensive study has not yet been undertaken. However, in their meetings across Oregon, the Governor's Industrial Lands Taskforce did not find this issue to be as problematic as other items in their report (such as local land use planning.)

Objective 5: Address Oregon's long-term land use needs and opportunities.

Bottom Line: HB29212 did not pass. The Governor and Legislature still need to create an advisory panel to address Oregon's evolving economic and land use needs.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • Convene a blue-ribbon panel of Oregonians from a wide range of interests and disciplines to set a new 25-year vision for Oregon's land use planning system. 	<ul style="list-style-type: none"> • No panel has been established to look at Oregon's long-term land use planning system. In the 2003 Legislative session, HB 2912 would have setup such a panel. However, the bill did not pass due to budget concerns that it would be at least a four-year undertaking costing as much as \$1 million.

11. Simplify and streamline regulation and permitting.

Create and maintain an efficient, simple, and streamlined regulatory and permitting system that makes it easier to start, expand, and operate businesses while still protecting public regulatory goals.

Objective 1: Make permit streamlining a priority within the Governor's office and State administrative offices.

Bottom Line: The Governor has made tremendous strides on this item—the Office of Regulatory Streamlining is up and running and working with state agencies to streamline regulation and permitting. This work should continue.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • Endorse both the spirit and the specifics of the Regulatory Streamlining Taskforce Report by issuing an executive order stating that it is the policy of the State of Oregon to help residents and businesses find solutions to regulatory problems. • Direct the Department of Administrative Services to provide leadership and oversight in the implementation of the recommendations included in the Regulatory Streamlining Task Force report. • Create an advisory panel between business and state government leaders to monitor implementation of the report recommendations and to provide advice and guidance to the director of DAS. • Direct advisory panel to consider and recommend effective procedures to benchmark the state regulatory system. 	<ul style="list-style-type: none"> • In February, Governor Kulongoski issued an executive order to streamline Oregon's permitting processes. The order establishes an "Office of Regulatory Streamlining within the Department of Consumer and Business Services (DCBS) to facilitate and coordinate statewide efforts to reduce regulatory burdens." • The new Streamlining Office will implement the recommendations from the Regulatory Streamlining report. • A subcommittee of the Governor's Advisory Committee on Government Performance and Accountability is assisting the Director of DCBS and the Streamlining Office on Regulatory Streamlining initiatives. • The Oregon Progress Board will assist the Governor's Advisory Committee on Government Performance and Accountability with benchmarking and performance management.

Objective 2: Streamline permitting within existing state statute.

Bottom Line: Good job creating an online database for all state permits and licenses. Through the "Key Business Processes" workshops in summer 2003, and other mechanisms, the Office of Regulatory Streamlining has received input from the business community. The Office should use this information to streamline regulatory process for several targeted business activities by the end of 2003. The State should pursue a federal grant to develop a Metro Area/State Building Codes Pilot Project for "one-stop shopping" on the web for permits. Begin work on a central state business registry by December 31, 2003. (This is included in HB 3120: see below).

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • Direct the Community Solutions Office (CSO) to adopt, as a primary purpose, the proactive resolution of situations where the implementation of government regulation has the effect of impeding community goals. • Implement a customer service initiative throughout the executive branch, with direction from DAS. • Technology and information should be used to coordinate regulatory processes, serve as a clearinghouse for permitting and process information and provide a single point of entry for users to gain information about key state services. • Establish feedback mechanisms through DAS with the help of the public/private partnership advisory panel and the CSO, for use by Oregonians receiving state services. 	<ul style="list-style-type: none"> • As part of his executive order, the Governor directed the Economic Revitalization Team (formerly the Community Solutions Office) to "work with and provide assistance" to the Office of Regulatory Streamlining. • The Governor's executive order directs state agencies to review and evaluate their delivery of customer service, and to develop plans to address any identified weaknesses. The Office of Regulatory Streamlining is assisting with this process. • The Office of Regulatory Streamlining has established a central database for licenses and permits online at www.oregon.gov/lic. • Agencies have been directed to design customer surveys and other means of measuring customer satisfaction to ensure open, honest and constructive feedback. Collection of data from these systems will be coordinated through the Office of Regulatory Streamlining.

Objective 3: Update, or eliminate, conflicting and cumbersome state and local regulations, and weed out redundant permit processes.	
Bottom Line: Good work passing HB 3120. The bill initiates a review of agency rule-making processes, examines how business impacts are considered and addressed, and authorizes data sharing necessary to implement a Central Business Registry. This work should begin immediately.	
The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • Include members on the state advisory panel from local government and business interests to ensure that state level work is integrated with regional efforts. • Establish a permanent review board comprised of public and private interests to undertake a comprehensive assessment of our state regulatory statutes and investigate the potential for one-stop permitting, time-certain permit approvals, and limits to appeals. • The board would recommend, on an ongoing basis, needed statutory changes. • Update or eliminate conflicting or cumbersome regulations and redundant permit processes. 	<ul style="list-style-type: none"> • The Governor's Advisory Committee on Government Performance and Accountability is made up primarily of business representatives. • HB 3120, signed by the Governor in September 2003, creates a limited-duration task force charged with examining state administrative rule procedures, with a particular emphasis on the way rules development impacts business. The bill also authorizes data sharing necessary to implement a Central Business Registry. • The Governor's Advisory Committee on Government Performance and Accountability will recommend needed statutory changes. • HB2564, signed by the Governor, consolidates the building codes licensing process for certain contractors and business owners. HB2717, also signed by the Governor, eliminates redundant electrical product safety regulations. Senate Bills 711, 713, 714, and 715 all have been signed into law. They reform permitting and inspection processes for statewide building codes and eliminate redundant regulations. In October, the National Conference of States on Building Codes and Standards awarded its highest honor, the Gene Rowland award to Governor Kulongoski and Building Codes Administrator Mark Long for their work to streamline building codes.

12. Brand and market Oregon more aggressively.

Harness the marketing prowess of Oregon businesses, industries, and state agencies under a unified brand to better position Oregon as a destination for visitors, a desired site for business investment and relocation, a great place to live for current residents and the future workforce, and a producer of high quality goods and services.

Objective 1: Build a new multi-purpose state brand.

Bottom Line: The Brand Oregon work is proceeding well with the appointment of a Brand Oregon director and small staff, development of a new state slogan and campaign, and passage of the tourism marketing bill. The Governor should appoint the Brand Oregon advisory committee and provide adequate resources to sustain this initiative and its current momentum.

The Details	
Action Items in Plan	Accomplishments/Status
<ul style="list-style-type: none"> • The Governor should appoint a Brand Oregon Action Team and charge it to develop a unified Oregon brand message to attract tourists, entrepreneurs, future workforce, and business investments, and to help market Oregon products. <ul style="list-style-type: none"> ○ Coordinate branding strategy with local initiatives and programs throughout the state. ○ The branding and marketing message should build on core Oregon values including progressive thinking, community pride, innovation, quality, and environmental stewardship. ○ Promote Oregon products and services as high-quality, created or produced in a first-rate environment and special place. • Invest in business marketing, recruitment, and retention at levels comparable to other states. • Commit \$5 million per biennium to the Oregon Economic Development Association (OEDA) state marketing campaign. • Institute a 1 percent statewide lodging tax (generating \$7-7.5 million annually) for the Oregon Tourism Commission (OTC) and maintain the OTC's current lottery funding. 	<ul style="list-style-type: none"> • At his State of the State address in February, Governor Kulongoski announced his "Brand Oregon" marketing strategy. In October, the Governor appointed Debby Kennedy to lead this effort. Leaders on this initiative have conducted meetings across the state to begin the process of creating a unified Oregon brand message to attract tourists, entrepreneurs, future workforce, and business investments, and to help market Oregon products. • A new state slogan and Brand Oregon campaign was developed in Fall 2003. Work is currently underway to establish marketing partnerships with businesses and organizations. The new brand identity is purposely flexible to adapt to a broad range of business, cultural and organizational interests. • The Oregon Economic and Community Development Department is refocusing its mission on business retention, expansion, and recruitment. • The Governor signed HB 2267 on September 26, 2003. The bill institutes a 1 percent statewide lodging tax and is expected to raise \$7 million per year for tourism marketing.

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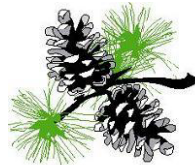
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