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Oregon Core Values Survey

DRAFT



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OREGON CORE VALUES

FAMILIES	Above all else, Oregonians cherish families and family life.
EMPLOYMENT	Oregonians esteem employment and the economic conditions which create employment. They believe the world of work has changed significantly, and they acknowledge a strong relationship between skills and personal income.
EDUCATION	Oregonians value education, particularly primary and secondary education. However, they believe their education institutions are not adequately addressing the changing needs and nature of work today.
LIVABILITY	Oregonians treasure Oregon's physical qualities, and they acknowledge that these attributes underpin the state's economy. At the same time, they fear the future impact of population growth on Oregon's environment and livability.

ACKNOWLEDGMENTS

The Oregon Business Council, established in 1985, is a non-profit, non-partisan and independent organization of Oregon business executives. Directors of the Council are chief executive officers of Oregon-based corporations, senior executives of major Oregon divisions of national companies, and individuals from business who play a significant role in developing public policy in Oregon.

The Council's objective is to make a unique and strategic contribution to the state's long term social and economic well-being. It does this by examining a relatively few number of subjects based on thorough research and the personal involvement of every Oregon Business Council member. Officers of the Oregon Business Council are: Robert L. Ridgley, Chair (*President & CEO, Northwest Natural Gas*); Marsha B. Congdon, Vice Chair (*Oregon Vice President & CEO, US West Communications of Oregon*); Gerard K. Drummond, Treasurer (*Chairman & CEO, NERCO, Inc.*); Clifford N. Carlsen, Secretary (*Partner, Miller Nash Wiener Hager & Carlsen*); William W. Wyatt, President (*Oregon Business Council*)

The work of the Council is undertaken by Task Forces, each of which focus on specific issues. The Oregon Values Task Force of the Oregon Business Council is chaired by Roger Breezley, Chairman and CEO of US Bancorp, and former Chair of the Oregon Business Council.

The Oregon Values & Beliefs Study was conducted on behalf of the OBC by Decision Sciences, Inc. of Portland. Their professional approach to this truly significant undertaking is gratefully acknowledged by the Council. In addition, the Council would like to acknowledge the assistance of various Chambers of Commerce throughout Oregon, the Oregon State University Extension Service and Red Lion Hotels for their generous support and assistance during the fielding of this study.

Generous contributions from US Bancorp, Pacificorp, each member of the Oregon Business Council and prepaid subscriptions from the Oregon Progress Board, The Oregon Department of Economic Development, The Oregon Department of Transportation, and Tri Met made this study possible.

Finally, the Council gratefully acknowledges the 1,361 Oregonians who participated in this study.

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Introduction

In Oregon, there is a direct relationship between public values and public policy. Therefore understanding the public's values -- what Oregonians believe and hold dear at their core -- is critically important. Until recently, conventional wisdom about Oregonians' individual and collective values was fairly widely accepted. For most of this century, Oregon has been considered a progressive state typically on the leading edge of innovation in public policy. However, the pace of change, along with the differences produced by change, has created the need for greater clarity and depth in assessing public values.

It is against this backdrop that the Oregon Business Council (OBC), a private non-profit organization comprised primarily of chief executive officers of Oregon's largest companies, concluded that a deeper, broader understanding of the values and beliefs most important to Oregonians was critical. The Oregon Values and Beliefs study was conducted on behalf of the Council by Decision Sciences, Inc. of Portland. This summary describes the study and its key findings.

Study Purpose and Technique

The Oregon Values and Beliefs Study was conducted during the months of July and August of 1992. The purpose of the study was to:

- Explore the underlying core values of Oregonians.
- Gain understanding about those values where differences exist.
- Allow policy issues to be debated with a clear understanding of core values and beliefs.
- Allow for conclusions to be drawn regarding public sentiment on key issues confronting Oregon.
- Provide a scientifically sound benchmark of

core values which may be periodically measured.

The Oregon Progress Board and its staff were deeply involved in the development of this study, and several of the questions are focused on the Oregon Benchmarks developed by the Progress Board.

The undertaking involved 1,361 Oregonians in several thousand hours of face-to-face survey interviews occurring in each of Oregon's 36 counties. Survey topics ranged from public issues of today to personal perceptions and beliefs.

A variety of techniques was employed in order to assure the integrity and quality of the resulting data. It is technically correct to refer to the Oregon Values and Beliefs study as an opinion survey, within the standard context and meaning of that term. The study also represents a first-of-its-kind effort to dig beneath today's headlines and gain clarity and understanding of those basic values and beliefs which Oregonians hold and will not change significantly from day to day, week to week, month to month, or even year to year. More information about the techniques employed by the study can be found in the technical appendix (available upon request).

Scaled Comparisons - Measuring Abstract Qualities

One of the features of the study which distinguishes it from more conventional opinion surveys is its use of the scaled comparison technique developed and implemented by GravesResearch of Redlands, California. Scaled comparisons are a means of ranking abstract qualities like personal values. The study measures values in four categories:

Personal Values

"Which value is more important to you personally?"

Personal Activities

"Which activity is more important in your life?"

Government Services

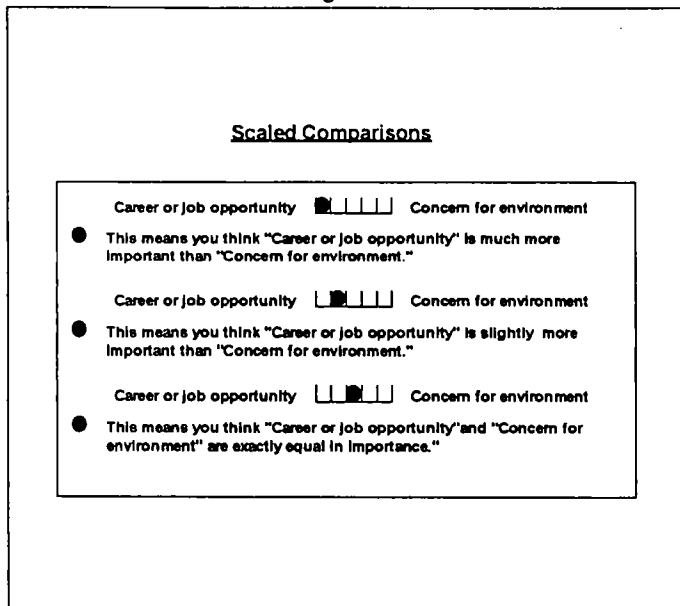
"Which service do you feel is more important, regardless of cost or how well you think the service is currently provided?"

Community Values

"Which of the following is more important to the quality of life in the community where you live?"

The technique arrays pairs of unrelated values on either side of a five-point scale. Participants mark the scale at the points that most appropriately

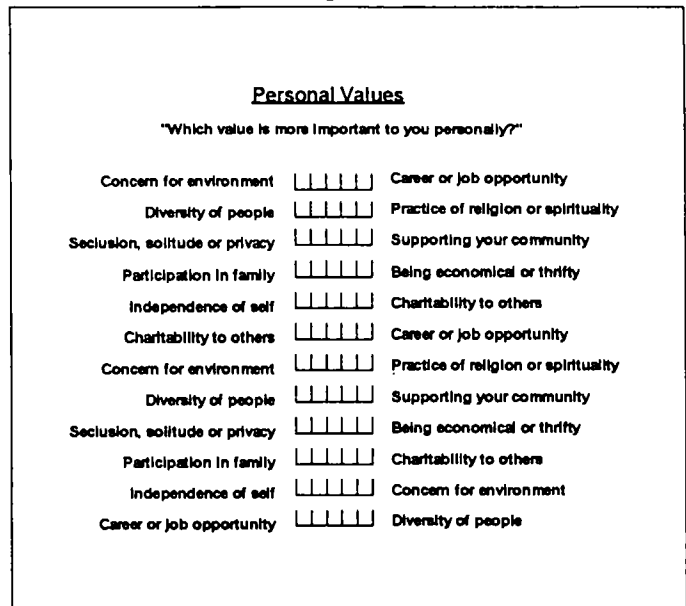
Figure 1



represent their beliefs (Figure 1).

In a manner somewhat akin to ballot rotation on election ballots, each participant received a list of pairs in each of the value categories which placed each value in different pairings. Figure 2 is a sample of this technique using a partial list of the personal values measured in the study. As is evident in the sample, each value is juxtaposed against every other value. At the end of this exercise, participants often feel as though they have just

Figure 2

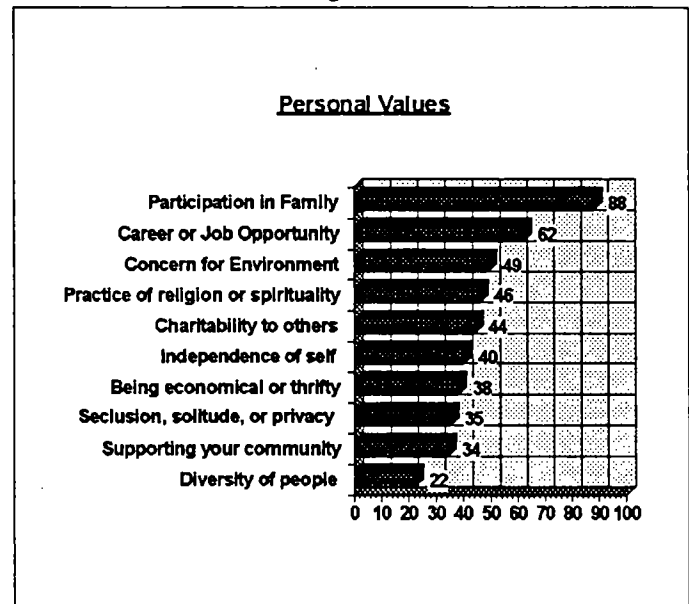


answered the same question a hundred different times. Values, activities and services in each of the four categories were developed after exhaustive debate and reflection and supplied to participants without explanation.

Personal Values

Figure 3 represents the actual statewide rank order of 10 ten personal values which were meas-

Figure 3



ured. Again, these values were supplied to participants, and they were not explained. "Participation

in family" ranks at the top of list of personal values by a significant order of magnitude. This focus on family represents the beginning of a theme which is consistent throughout the study: issues perceived to affect the family are paramount in the minds of the vast majority of Oregonians. While there is some variation based upon gender, age, and income, "Participation in family" is the leading value identified by all demographic subgroups. "Career or job opportunity" ranks a distant, but nevertheless strong, second. This too marks the beginning of a message seen throughout the study: a clear focus on jobs.

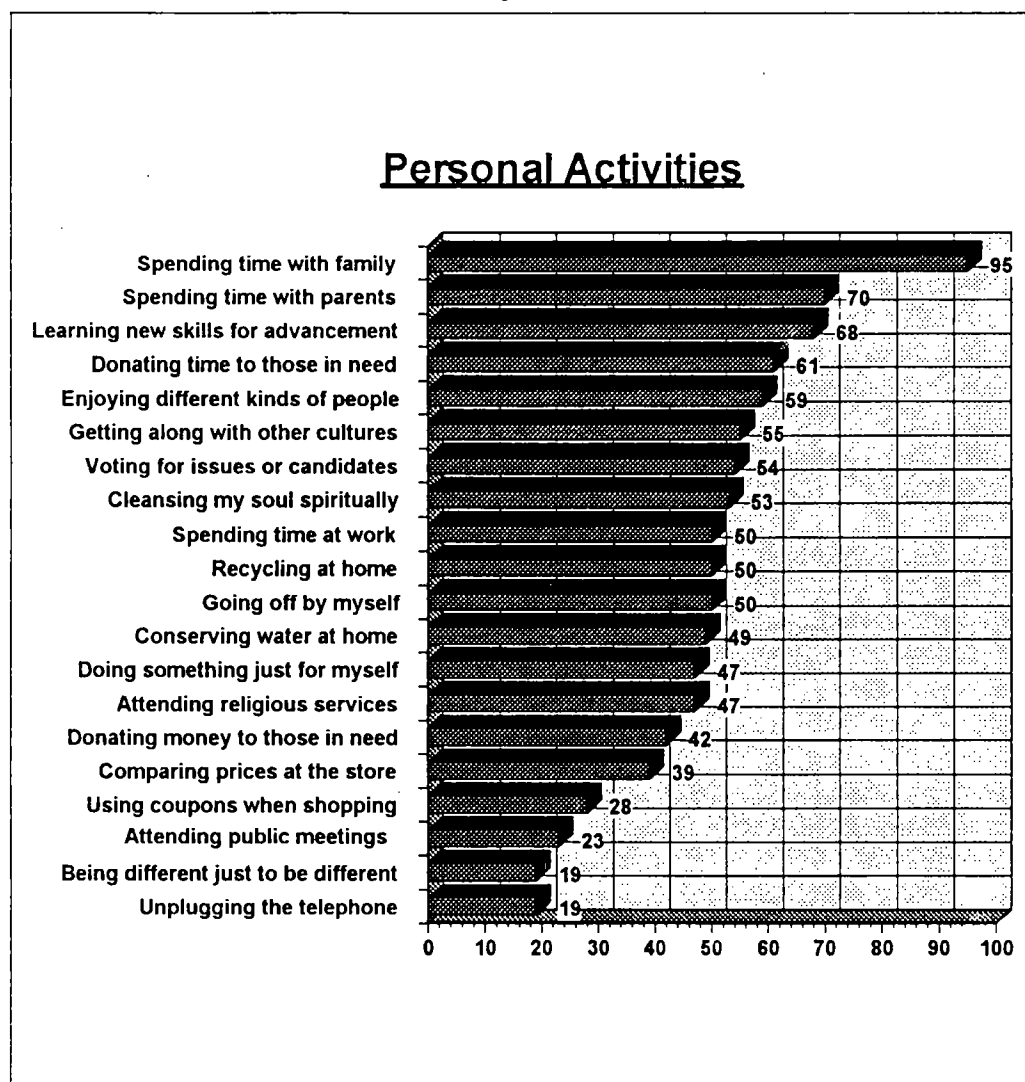
The top two personal values represent a broad consensus among Oregonians. No consensus is evident in the third ranking value, "Concern for

the Environment," where there exists a fairly discernible difference among the regions of the state.

Personal Activities

For each personal value listed in Figure 3, two associated activities are listed in Figure 4, Personal Activities. This cross referencing provides a unique opportunity to verify the personal values. For example "Spending time with family" and "Spending time with parents" lead the personal activities list. Both are derivatives of the "Participation in family" value which ranked at the top of the list of personal values. On the other hand, "Enjoying different kinds of people" and "Getting along with other cultures" (ranked 5th and 6th respectively on the list of personal activities in Figure 4) derive from the "Diversity of people" value which ranked tenth on the list of 10 personal values (Figure 3).

Figure 4



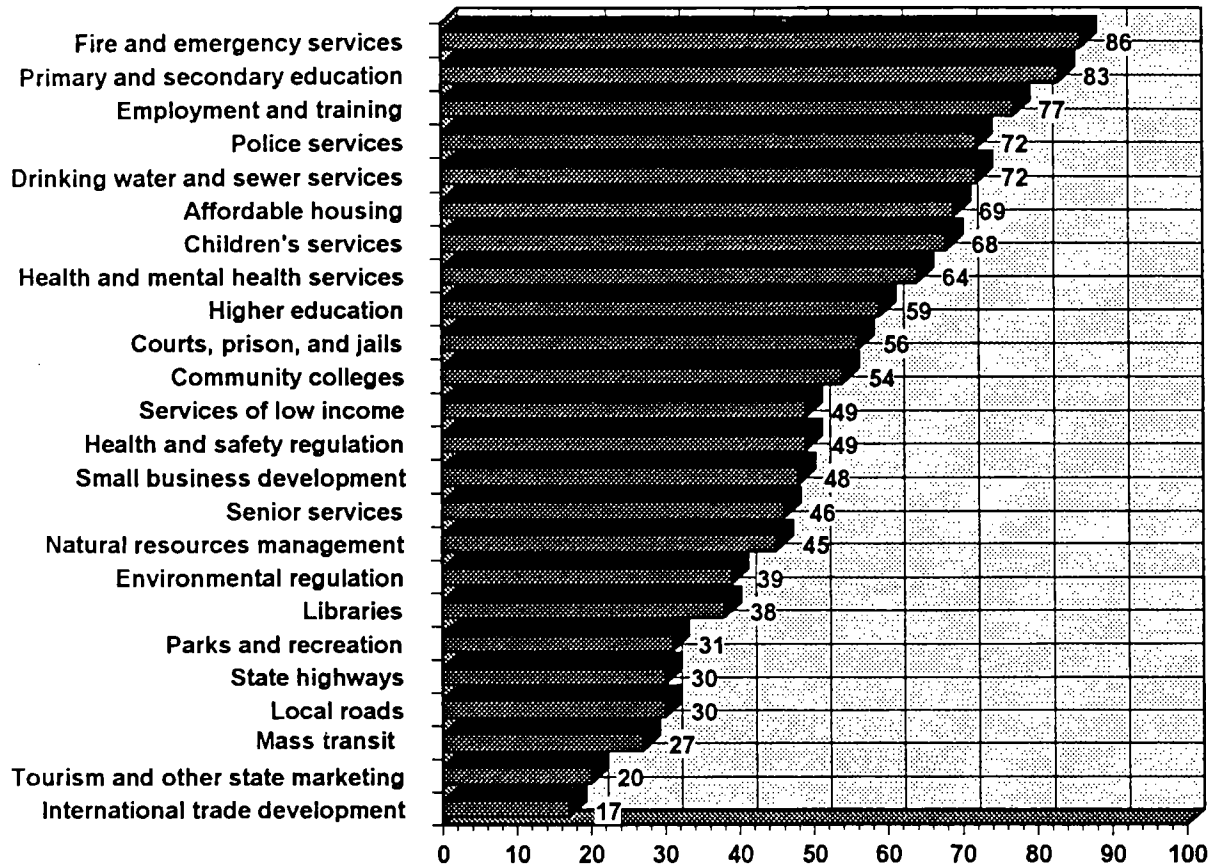
"Learning new skills for advancement" in third position (Figure 4) suggests a strong association with the "Career or job opportunity" value in Figure 3. This consistency reinforces the intensity and clarity of beliefs on the part of Oregonians on the subject of jobs. One wonders if "Learning new skills for advancement" would have ranked third on the list 10 or 15 years ago when a large proportion of family wage jobs required relatively low skills.

Government Services

The government services shown in Figure 5 were described by function rather than by specific government agencies so that

Figure 5

Government Services



participants could more easily relate to them. The question asked was, "Which government service do you feel is more important, regardless of cost or how well you feel the service is currently provided?" It was made clear that participants should not make value judgments about the cost or efficiency of each individual service.

While conventional wisdom would anticipate the high ranking of services related to security and safety, the ranking of "Primary and secondary education" as a strong second is somewhat surprising. It is interesting to note that almost all of the services at the top of the list are provided by local government.

One additional theme that begins to emerge is the importance of education and job skills. "Pri-

mary and secondary education" and "Employment and training" rank two and three respectively on the list of 24 government services.

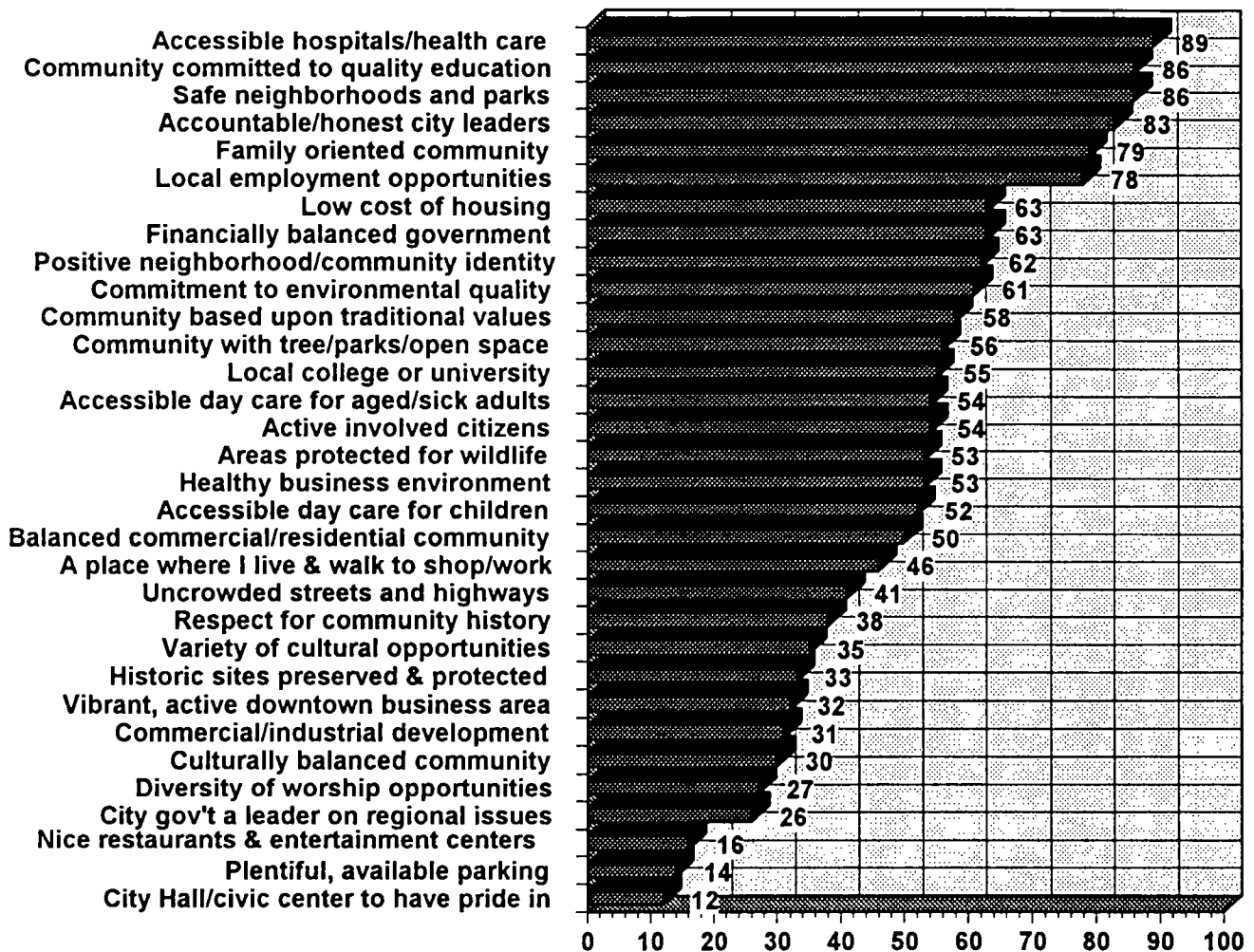
Community Values

The list of 32 community values (Figure 6 on the next page) again demonstrates the importance of education, principally primary and secondary education, to the people of Oregon. Surprisingly, "Accessible hospitals/health care, was rated more important by urban residents than those in the eastern part of the state. It is interesting to note that on this list of 32 community values "Accountable/honest city leaders" ranks a strong fourth. Oregon is not particularly known for having anything other than accountable and honest city leaders. One might presume that this statement of

values might be relevant for elected leaders at all levels and is a further reflection of the dissonance between our various governments and the general population.

Figure 6

Community Values



Findings

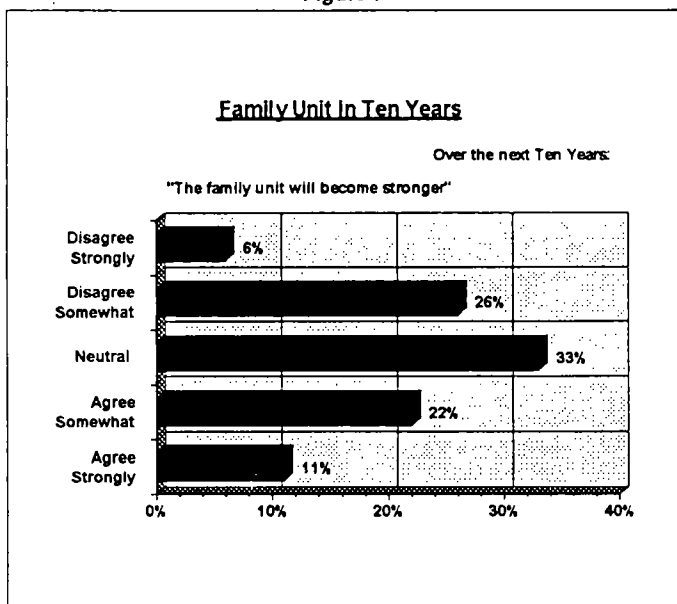
FAMILIES

The importance of families pervades the study and reflects a level of intensity that may surprise some. In the scaled comparison of personal values, "Participation in family" was at the top of the list, and the second ranking item "Career or job opportunity" was a full 26 points behind. "Spending time with family" and "Spending time with parents" ranked first and second on the list of personal activities. Fifth on the list of 32 community values was "Family oriented community."

Family Unit

In a series of questions designed to solicit predictions about the next 10 years, participants

Figure 7



were asked about the future of the family unit (Figure 7). The result was that people are almost evenly divided about the future strength of the family unit. Nevertheless, many might consider this to be somewhat optimistic given the fact that more people agreed strongly than disagreed strongly.

Figure 8

<u>Spending Extra Time</u>	
"If you had one extra hour a week, how would you spend it?"	
Reading	15.0%
<u>Spending time with family</u>	10.0%
Volunteering / helping	7.7%
<u>Spending time with children</u>	7.3%
Recreation - sports	5.8%
Doing something for myself	5.5%
Recreation - nature	4.9%
Resting / relaxing	4.7%
Working gardening around the house	4.1%
<u>Spending time with spouse</u>	3.6%
<u>Total Family Related</u>	<u>20.8%</u>

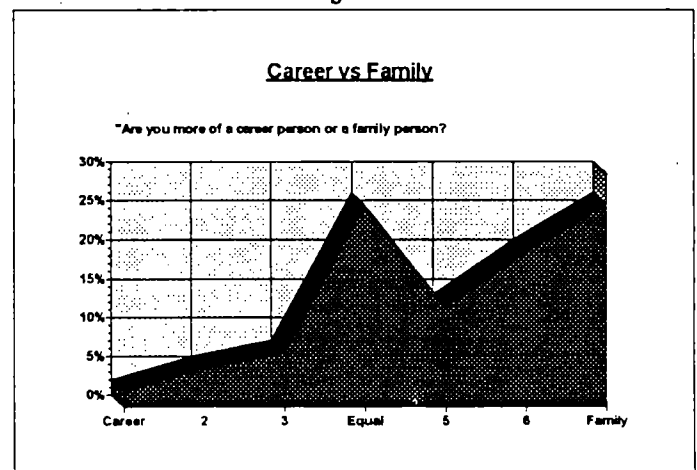
Extra Time

In an open-ended question (participants supply the answer) asking "If you had one extra hour a week, how would you spend it?" nearly 21 percent of the responses were specifically and directly related to family, representing the single largest aggregation of responses. Arguably, several of the other response categories could be family-related.

Career vs. Family

When asked "Are you more of a family person or a career person?" (Figure 9), the response was strongly on the family side of the equation. With only 2 percent identifying themselves on the

Figure 9



extreme career side of the seven point scale, fully 26 percent placed themselves on the polar opposite family end.

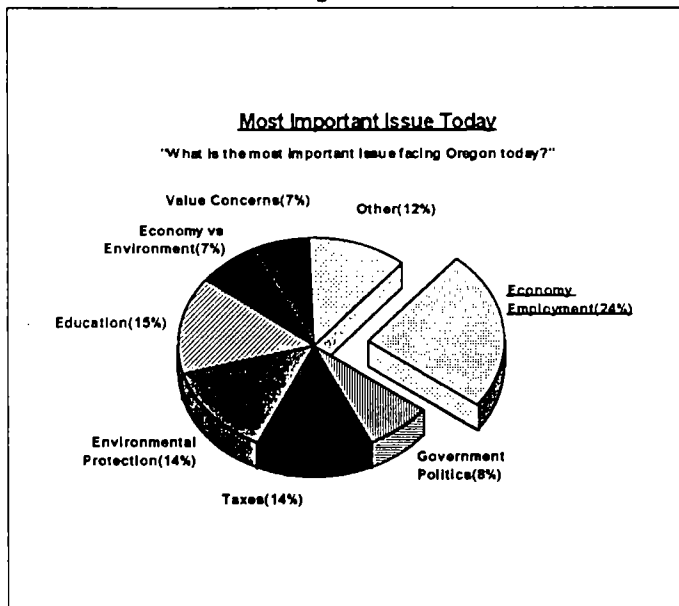
CAREER, JOBS, AND SKILL DEVELOPMENT

Not surprisingly, Oregonians are very keenly focused on employment and many of the issues which surround it. "Career or Job Opportunity" was a strong second on the scaled comparison list of 10 personal values, and "Learning new skills for advancement" was third on the list of 20 personal activities. "Employment and training" was third on the list of 20 government services.

Most Important Issue Today

When asked to supply their own answers to the question "What is the most important issue facing Oregon today?" fully 24 percent of the respondents said either the economy or employment.

Figure 10

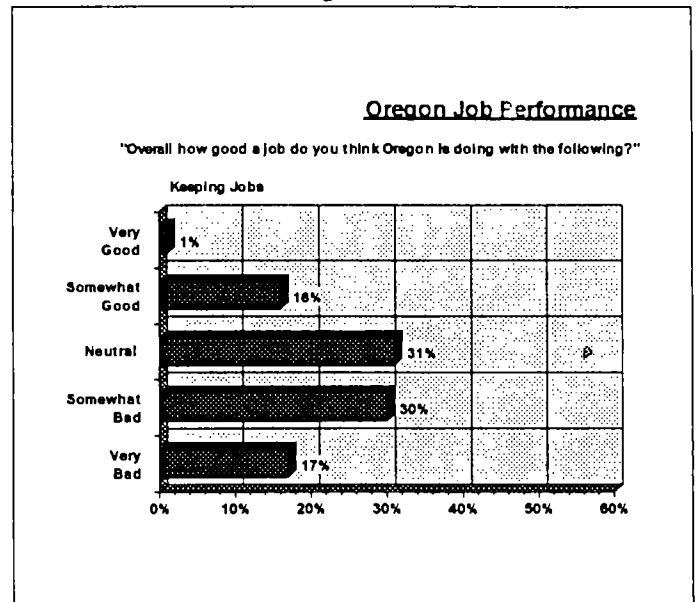


Another 7 percent listed the Economy vs. the Environment, which was essentially a complaint about the extent to which environmental protection was perceived to interfere with the economy. These responses would likely fall into a broader category relating to concern about jobs and the economy. Interestingly, a distinction is often made between jobs and the economy, implying something other than a direct relationship between the two.

Keeping Jobs

The Oregon Value & Beliefs Study included a "Job Performance" measure for 19 different items. Participants were asked to answer the question "Overall how good a job do you think Oregon is doing with the following areas?" followed by the

Figure 11

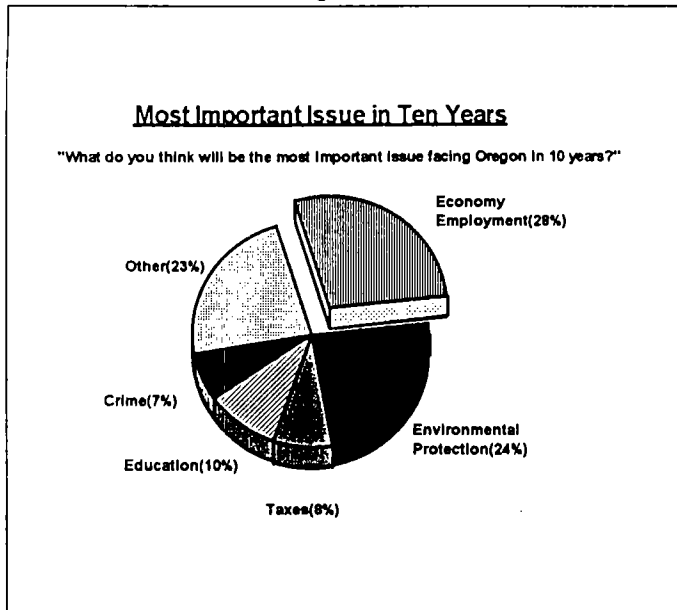


item to be measured. It is important to note that Oregon is being measured, and not some specific unit of government. On the subject of keeping jobs (Figure 11), Oregon received what can only be considered a very poor rating. Forty-seven percent of the participants regarded its performance as somewhat or very bad. Despite the fact that Oregon was doing better at keeping jobs than the balance of the nation at the time this data was collected, study participants clearly believed otherwise.

Most Important Issue in Ten Years

Participants were often asked to reflect on their values and beliefs both in the present and the future. The future horizon was 10 years. In the following example the question was "What do you think will be the most important issue facing Oregon in 10 years?" Again, the "economy/employment" were the top items. And again, both terms were used, apparently not interchangeably. "Environmental Protection" was a strong second in this

Figure 12



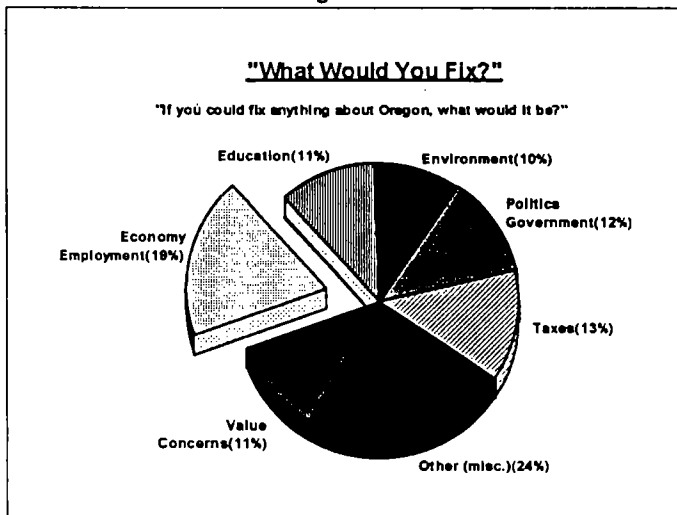
gon what would it be?" (Figure 13), the economy led the way with 19 percent. Education shows up again with a significant response (11 percent).

open-ended question, which reflects a broader concern about our "environmental future" and the extent to which economic and population growth will degrade our quality of life. The prominent mention of "Education" (ranked third most important here) in this question, and its place in scaled comparisons of government services, community values, and its strong showing among the most important issues today, suggest the possibility that Oregonians acknowledge a relationship between the importance of education in confronting an uncertain economic future.

What Would You Fix?

Asked "If you could fix anything about Ore-

Figure 13



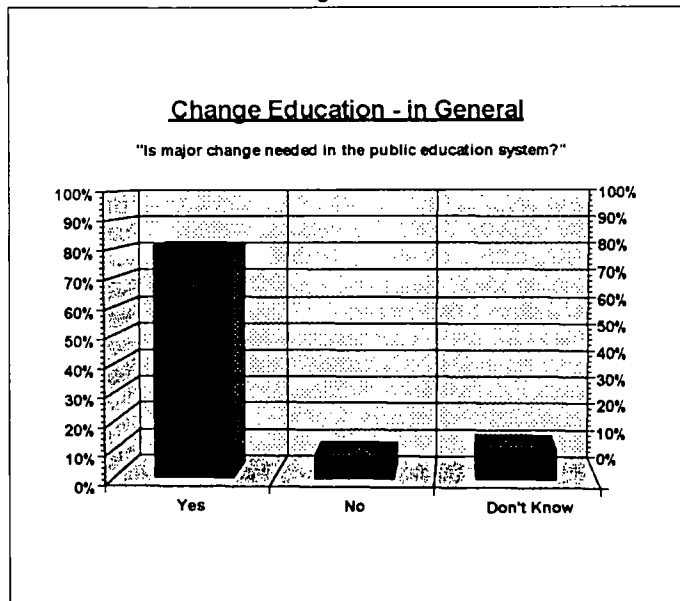
EDUCATION AND SKILLS DEVELOPMENT

Nowhere else in this study was conventional wisdom challenged to the extent found here. Certainly it comes as no surprise that Oregonians support education; we have consistently outspent most states (proportionately). "Learning new skills for advancement" was the third leading personal activity, while "Primary and secondary education" and "Employment and training" were second and third, respectively, on the list of government services. "Community committed to quality education" was the second leading value among 32 community values.

Change Generally

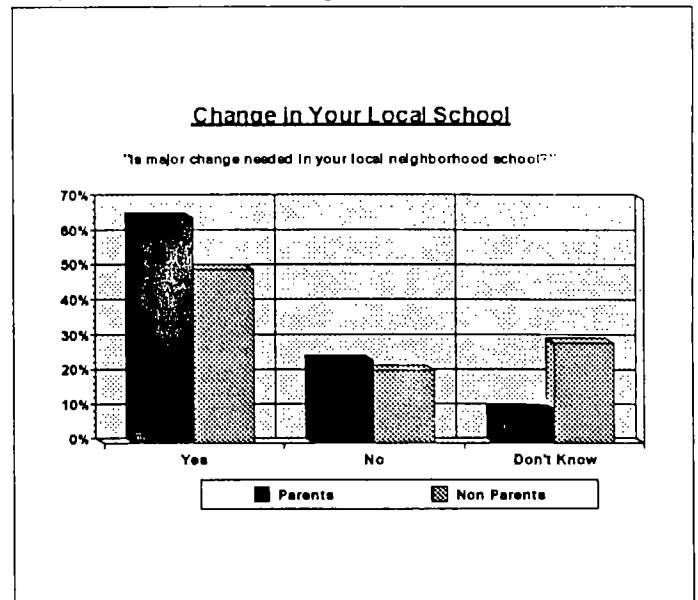
It is not surprising that Oregonians want

Figure 14



change in education (Figure 14). It is widely acknowledged that people want change in education in general. But as in surveys of satisfaction with congress, dissatisfaction typically dissipates when the issue becomes localized. "My" congress person isn't the problem; "my" local neighborhood school isn't the problem.

Figure 15



Change locally

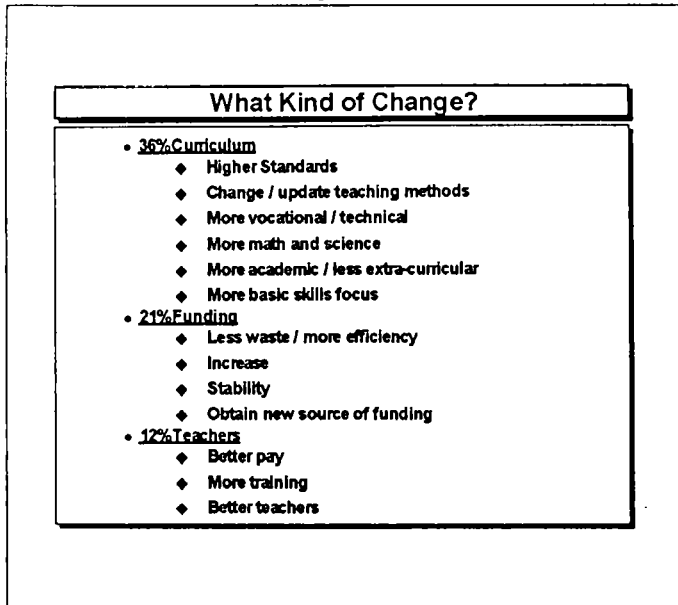
When Oregonians were asked about local schools, however, a surprising number agreed that major change is needed in their local neighborhood school. What makes this response particularly interesting is the difference between parents and non-parents. Non-parents (who, after all, don't have kids in local neighborhood schools) were less likely to have an opinion. Parents (those most likely to be familiar with local neighborhood schools), feel that significant change is needed in their local neighborhood school. This finding clearly runs counter to the conventional wisdom.

What Kind of Change?

The study probed at some depth the kind of change that people had in mind. Is there, for example, some idealized notion of the way education ought to be based upon our recollections of education 20 or 30 years ago, or do people have something else in mind? Figure 16 represents responses to an open-ended question which asked "What kind of changes?" to those answering yes to the question in Figure 15.

Responses fell into three basic categories: curriculum, funding, and teachers. The single response mentioned most often was establishment of higher standards for students. Funding mentions

Figure 16

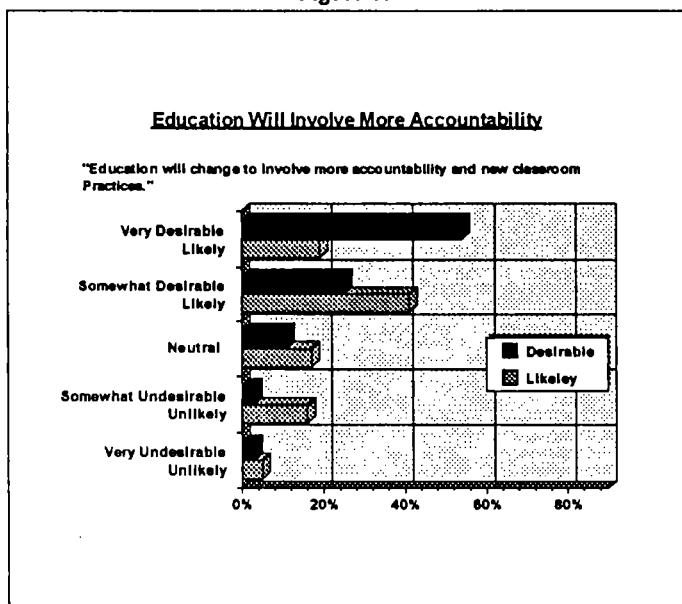


combined to include 21 percent of the responses and were evenly divided between those who felt that more money was needed, and those who felt that current resources should be used more efficiently. Responses relating to teachers combined for about 12 percent and those included such things as better pay and more training. The balance of the responses to this question involved a wide variety of issues.

More Accountability

The statement in Figure 17, "Education will

Figure 17

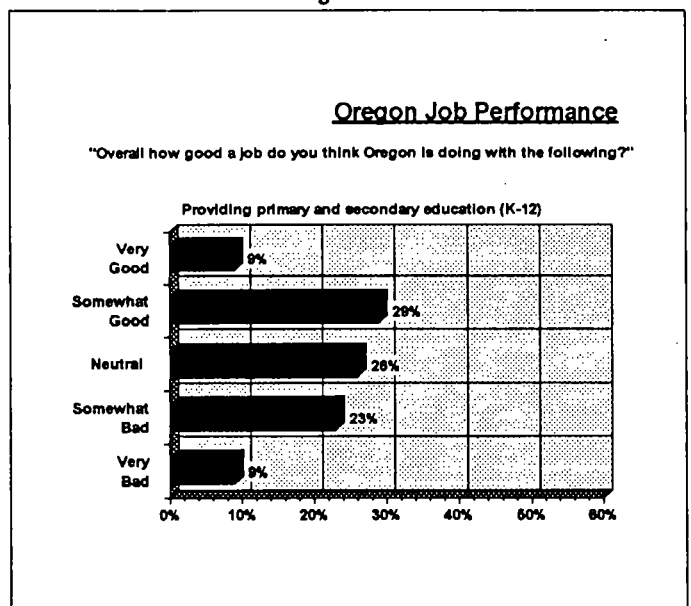


change to involve more accountability and new classroom practices" asked for two responses. The first asked how desirable the statement was, and the second asked how likely that same statement was. While there is a fairly significant gap between desirable and likely, in both cases a majority of participants felt that it was desirable and likely that "Education will change to involve more accountability and new classroom practices."

Primary and Secondary Education

"Providing primary and secondary education (K-12)" received a "so-so" job performance rating (Figure 18), with 38 percent saying very good to good and 32 percent saying very bad to bad. While this performance rating is not catastrophic, it does place education in the middle of the ranking. It is important to note that while Oregonians express

Figure 18

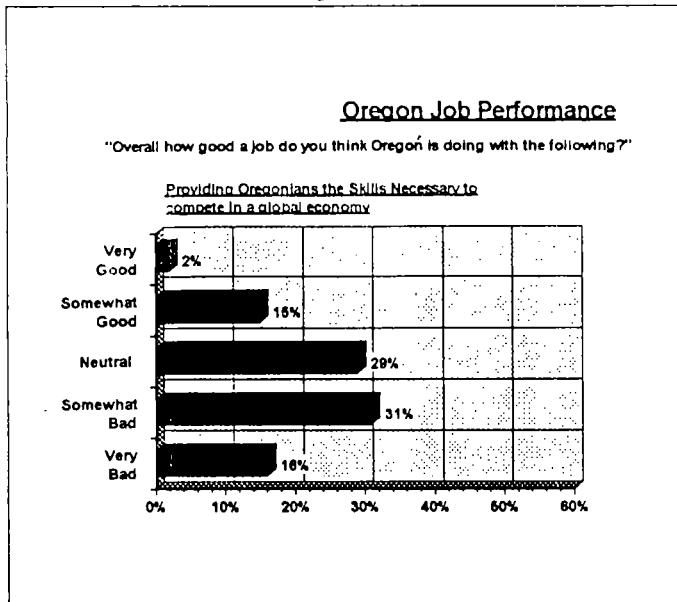


strong support for the importance of education, they do not express equally strong confidence in its present quality.

Skills for a Global Economy

A mere 17 percent of participants said Oregon is doing very to somewhat good at "Providing Oregonians the skills necessary to compete in a global economy" (Figure 18). Out of 19 items in the Oregon Job Performance, this item ranked sec-

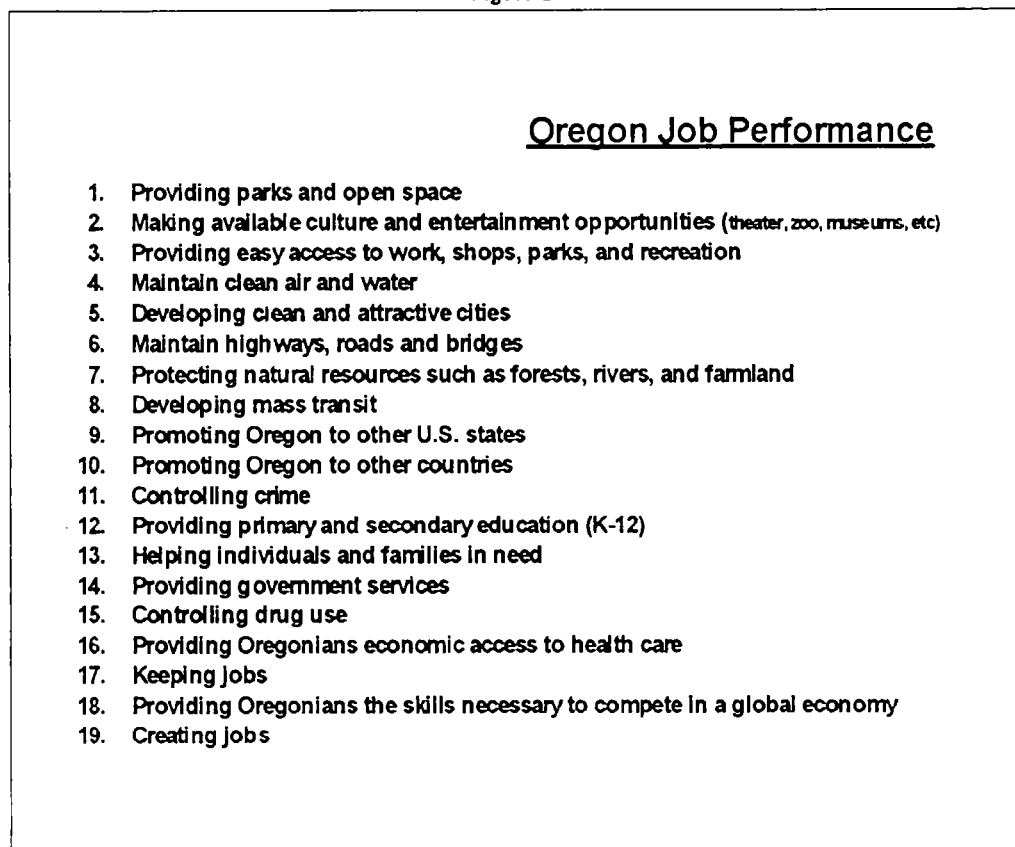
Figure 19



ond from last. The ranking would suggest a further recognition by Oregonians that the global economy is significantly changing the nature of work and that Oregonians will not be sufficiently skilled to compete.

While "Learning new skills for advance-

Figure 20



ment" was ranked third on the list of 20 personal activities, and "Employment and training" was considered the third most important government service, there appears to be a lack of confidence in the adequacy of those newly acquired skills for competing in the global marketplace.

Oregon Job Performance

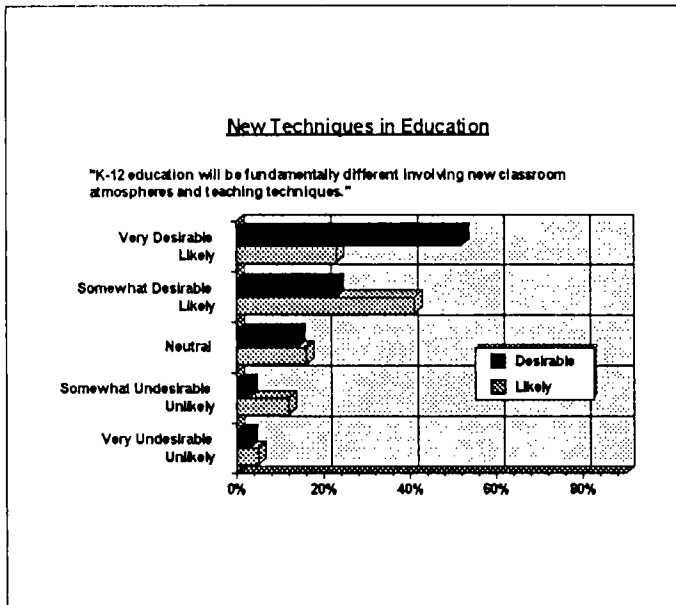
Figure 20 represents the entire list of items which were ranked in the Oregon Job Performance. This list begs to be read not from the top down, but rather from the bottom up. Presumably, someone who thinks Oregon is doing well at something is not necessarily expressing approval of the item being evaluated. Conversely, it could be argued that someone who gives a bad performance rating is also expressing disappointment. In other words if they didn't care about the item being evaluated, they wouldn't give it negative rating.

With that in mind, it is not surprising to see jobs at the bottom of the list. It may not now be surprising to see the position of "Providing Oregonians the skills necessary to compete in a global economy," but one wonders how this would have fared, say, 10 to 15 years ago when the number of family-wage, low-skill jobs was in substantially greater supply.

It is particularly interesting to note that Oregonians feel we're doing a better job at "Controlling crime" than at "Providing primary and secondary education." Again, given the overall importance attached to primary and secondary education in the scaled comparisons of government services and community values, this suggests strong concerns about the delivery of education today.

New Techniques

Figure 21

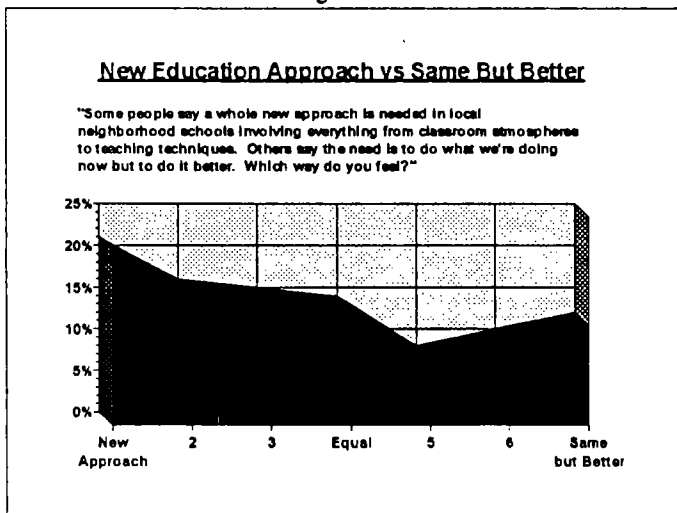


Participants thought that "K-12 education will be fundamentally different involving new classroom atmospheres and teaching techniques" was likely to occur and, by an even larger margin found it to be desirable (Figure 21).

New Approach in Education

Provided a scenario which attempts to paint two opposite views about educational change, par-

Figure 22



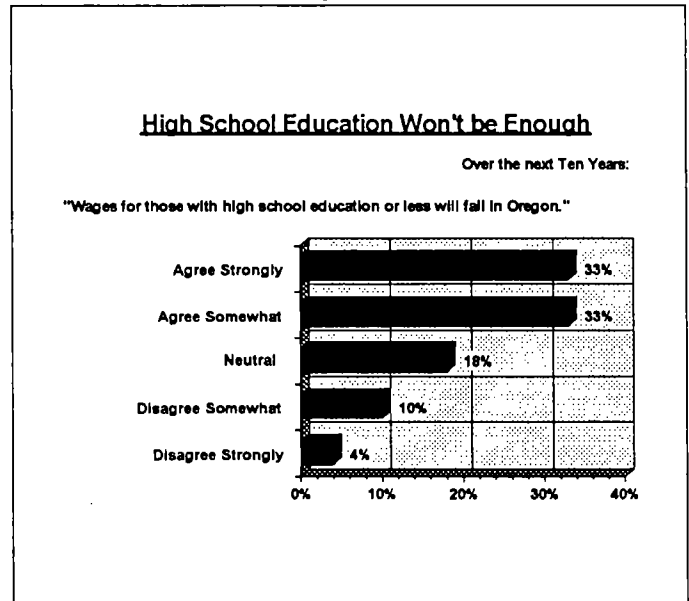
Participants clearly leaned towards what was described as a new and different approach (Figure 22). Again,

this emphasizes the extent to which participants are inclined to view educational change as something quite different than improving past practices.

High School Won't be Enough

There appears to be a strong recognition that a high school education, at least as it is now configured, is inadequate in achieving economic security.

Figure 23



In Figure 23, 66 percent of participants agreed strongly to somewhat strongly that "Wages for those with high school education or less will fall in Oregon."

Higher Skills

Clear agreement exists that "Oregon employers will produce more sophisticated and valuable products that rely on higher worker education and skill" (Figure 24). This may seem to be obvious, nevertheless it is interesting in light of Oregon's historic relationship to natural resource industries.

Front Line Workers Will Do More

The issue of workplace structure is one that has emerged only within the last decade. Nevertheless, 63 percent of the participants agreed strongly or somewhat strongly that "Front line workers will

Figure 24

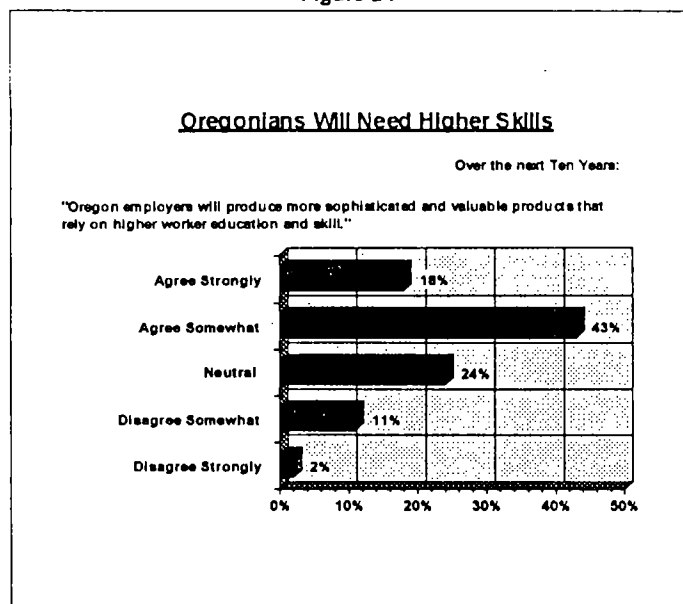
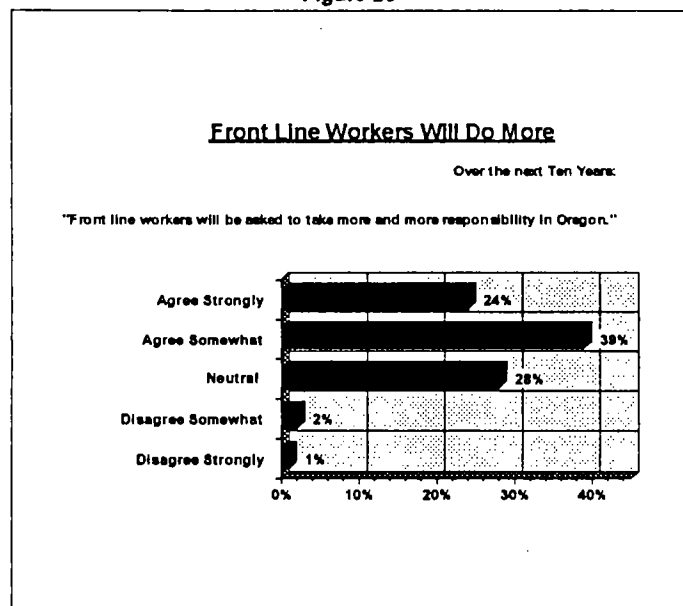


Figure 25



be asked to take more and more responsibility in Oregon."

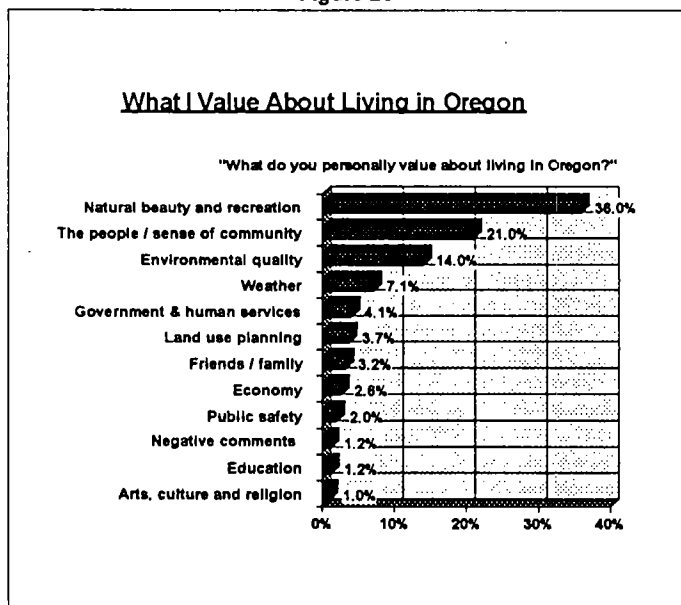
The responses to each of the preceding three questions suggest an acknowledgment that the world of work has changed, and when combined with the level of support for educational change, suggests that participants see an integral tie between education and employment. Many would argue that this strong relationship has not always existed in the minds of Oregonians.

THE ENVIRONMENT

Oregonians have a strong commitment to environmental quality and to the physical beauty of the state. There is ambivalence about the polar extremes of arguments regarding the environment, but there is clear and pervasive concern for the environment. (Regional variations on this theme will be discussed in the Regional Divisions section of the key findings.) "Concern for the environment" was the third leading value among the 10 personal values. The environment was among the issues mentioned most often when participants were asked "If you could fix anything about Oregon, what would it be?"

What I Value About Oregon

Figure 26



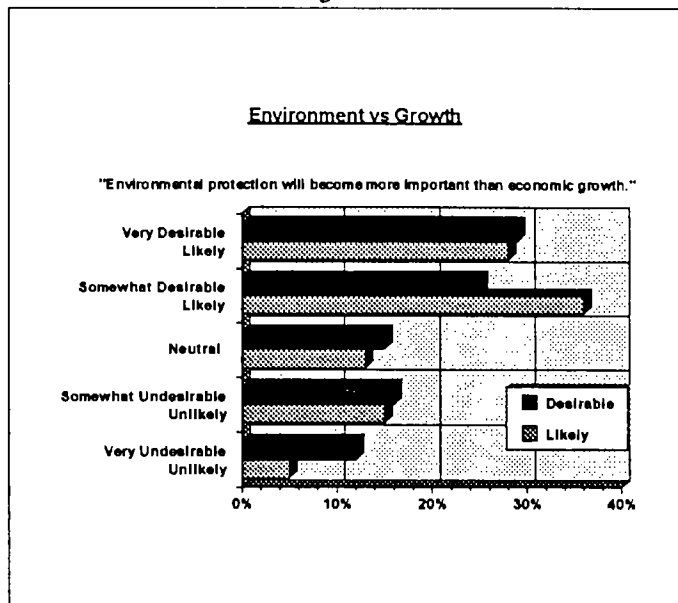
When asked the open-ended question, "What do you personally value about living in Oregon?" (Figure 26), fully 36 percent gave responses that fell within the category of "Natural Beauty and Recreation." Indeed, 50 percent of the responses fell within the category of the environment.

Environment vs. Growth

Much of the debate about Oregon's environment pits the environment against the economy. In

an effort to probe that issue more deeply, the study asked a series of questions designed to press par-

Figure 27



ticipants to make difficult choices. In response to the statement, "Environmental protection will become more important than economic growth" (Figure 27), 54 percent of the participants considered environmental protection very to somewhat desirable over the next 10 years, and 64 percent considered it very to somewhat likely to occur. (There is considerable regional variation on this question which will be discussed later.)

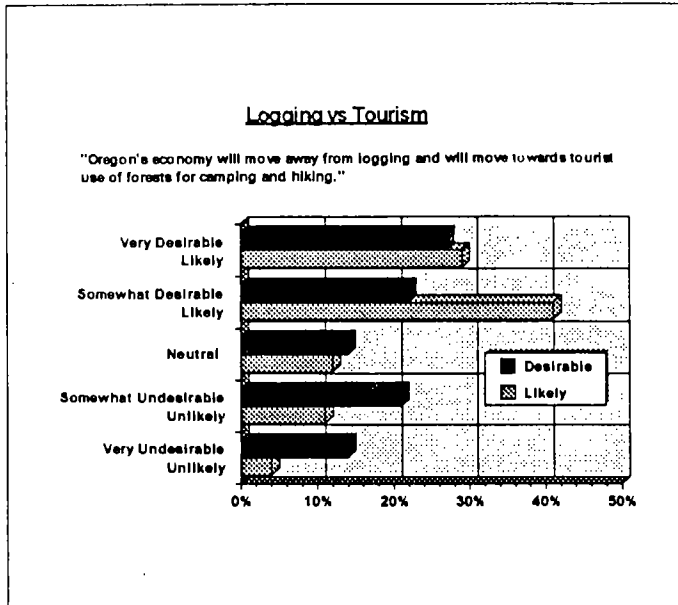
The environment was mentioned in 10 percent of the responses to the open-ended question "What one thing would you fix about Oregon?" This ranked it in the top seven categories of responses.

Logging vs. Tourism

The only question in the study which dealt specifically with logging juxtaposed logging and tourism in an effort to probe both desires and expectations (Figure 28). Participants found the statement, "Oregon's economy will move away from logging and will move towards tourist use of forests for camping and hiking" to be substantially more likely (70 percent very to somewhat likely) than desirable (49 percent), suggesting a degree of resignation. While there are differences among the

regions of the state on this question, the differences are less pronounced than might be imagined on the

Figure 28

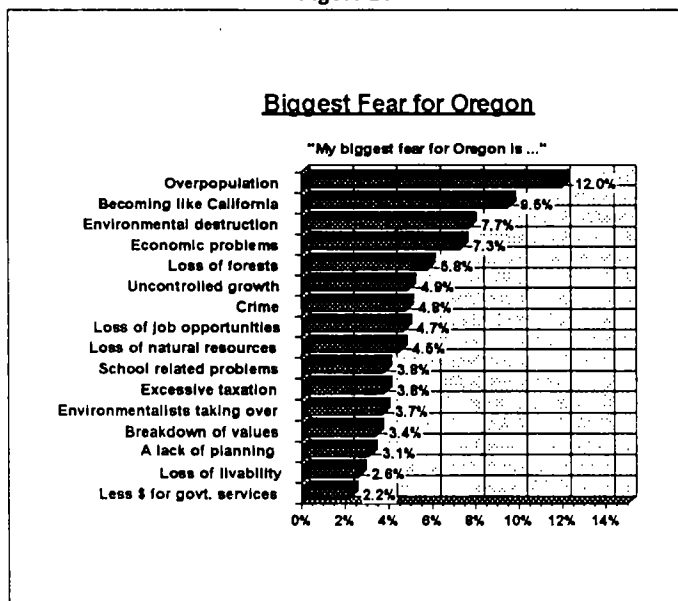


basis of conventional wisdom.

Biggest Fear for Oregon

Oregonians are clearly concerned about the the future's impact upon the environmental quality of the state. One of the unique techniques used in the study was open-ended sentence completions. The partial sentence, "My biggest fear for Oregon is...", produced responses that were largely indica-

Figure 29

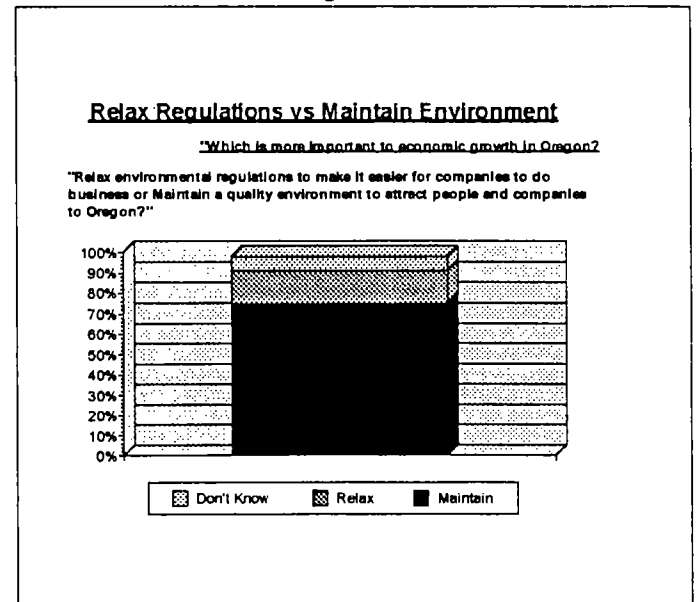


tions of concern about the environment and the effects of future population growth.

Relax Regulations or Maintain Environment

Figure 30 represents a slightly different twist. Given two alternatives, participants were asked to pick the one which would more likely lead to economic growth. In this case, 75 percent of the participants felt that "Maintaining a quality environment to attract people and companies to Oregon" would succeed whereas 16 percent chose "Relaxing

Figure 30



environmental protection regulations to make it easier for companies to do business."

Finally, when asked to use one word to describe Oregon, participants used terms which describe positive physical qualities, further indicating a strong affinity for Oregon which goes beyond human additions to the landscape. "Beautiful" was the word most often mentioned.

REGIONAL DIVISION

Regional divisions in Oregon are largely founded on issues of economic insecurity resulting from threats to the natural resource base of the non-urban economy. While there are clearly demographic and life-style differences among the regions of the state, economic insecurity appears to be the most significant basis for attitude differences. On many key issues, such as the economy and education, there is little difference.

Personal Values - By Region

The table below demonstrates the significant differences among regions on the scaled comparisons of personal values. The most obvious differences exist in the values of "Concern for the environment," ranked third by the Metro region and eighth by the East region, and "Being economical or thrifty," which is ranked seventh by the Metro region and third by the East region. Metro region sentiment on "Concern for the environment" was

Figure 31

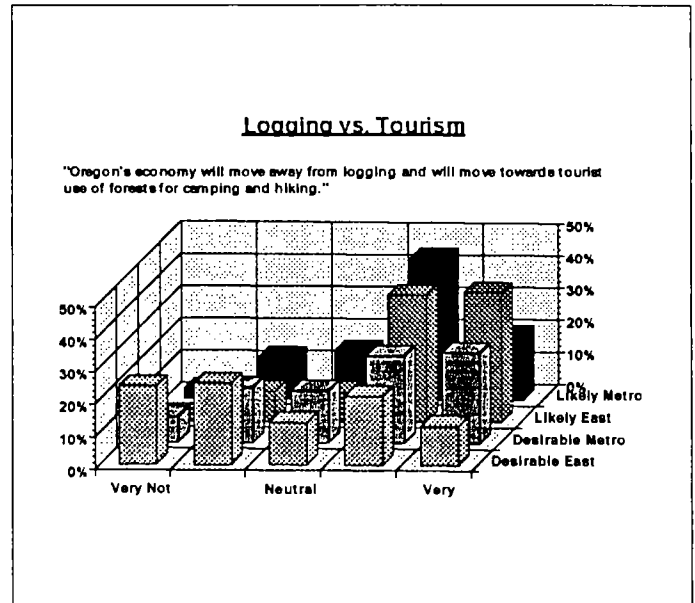
<u>Personal Values - Ranked by Region</u>				
	METRO	WEST	SOUTH	EAST
Participation in family	1	1	1	1
Career or job opportunity	2	2	2	2
<u>Concern for the environment</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>8</u>
Practice of religion or spirituality	4	5	4	4
Charitability to others	6	3	3	6
Independence of self	5	6	9	5
<u>Being economical or thrifty</u>	<u>7</u>	<u>7</u>	<u>8</u>	<u>3</u>
Seclusion, solitude or privacy	8	10	7	7
Supporting your community	9	8	6	9
Diversity of people	10	9	10	10

sufficient to raise the issue to third in the statewide weighted sample despite its lower rating by the East region. Some might suggest that "Being economical or thrifty" is seen less as a value than as a necessity for many of those participants from the East region.

Logging vs. Tourism

Not surprisingly, metropolitan area participants look at the question of logging and tourism differently from those in other regions of the state. Figure 30 shows the two regions of the state which

Figure 32

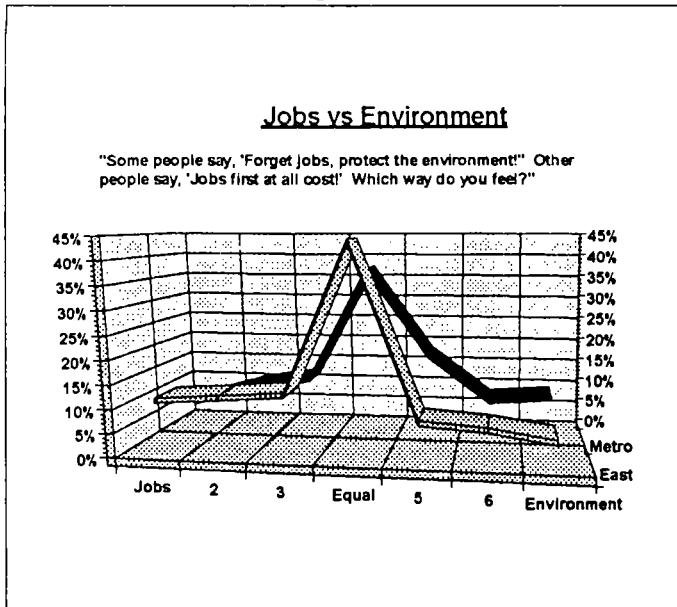


exhibited the greatest difference on the statement "Oregon's economy will move away from logging and will move towards tourist use of forests for camping and hiking." While there is clearly a difference, both in the likelihood of this statement and its desirability, conventional wisdom might suggest a greater difference. Furthermore, East region participants felt that the above statement was more likely to occur than their counterparts in the Metro region. This may be a reflection of reality, but it may also reflect a degree of resignation.

Jobs vs. Environment

"Some people say, 'Forget jobs, protect the environment!' Other people say, 'Jobs first at all cost!' Which way do you feel?" This statement reflects polar extremes that few people wish to chose between. Nevertheless, it is interesting to note how little real difference there is between those two regions of the state which exhibit the greatest polarity: Metro and East (Figure 33). Essentially, most people, regardless of region, see themselves in the middle on this question.

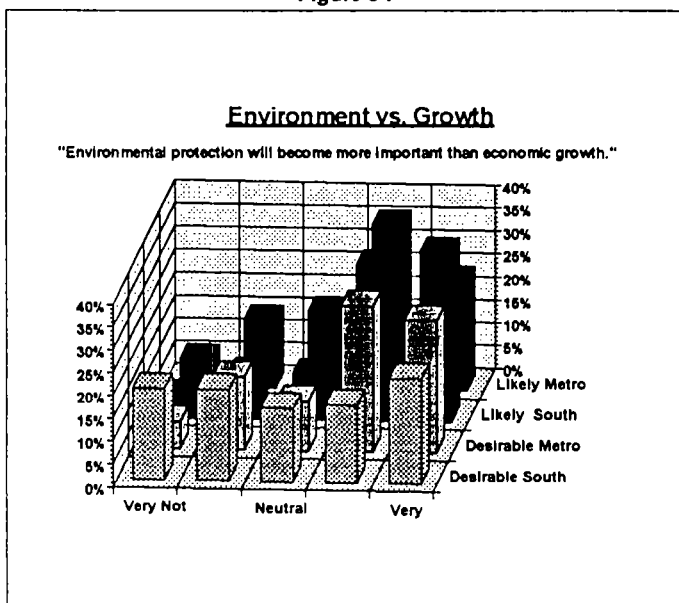
Figure 33



Environment vs. Growth - Metro vs. South

A look at the regional differences on the question "Environmental protection will become more important than economic growth" (Figure 34) suggests again that there is a dichotomy, but perhaps less than one might expect. The two most polarized regions on this question, Metro and South, reflect responses similar to the earlier timber question; those in the resource dependent region (in this case the South) see the above statement as more

Figure 34

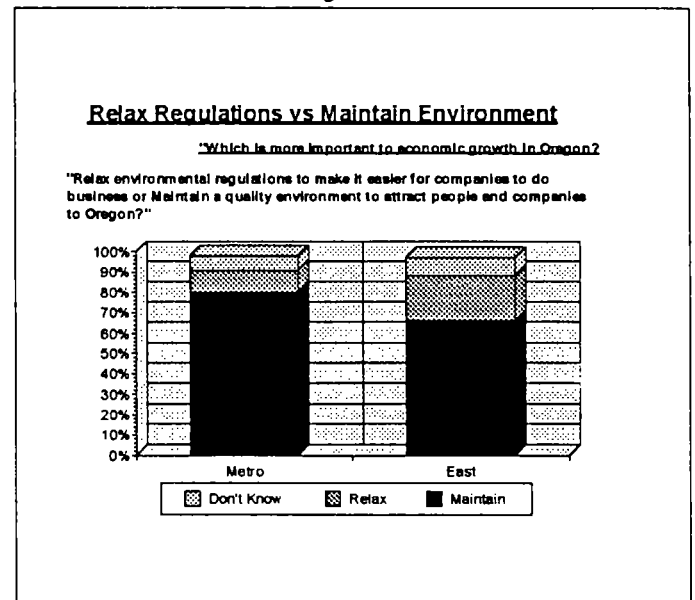


likely than their Metro region counterparts and less desirable.

Relax Regulations vs. Maintain Environment

Figure 35 provides what may be a more interesting look at this theme of differences among the regions of the state on environmental issues. Two alternatives are posed in answer to the question "Which is more important to economic growth in Oregon?" The first alternative, "Relax environmental regulations to make it easier for companies

Figure 35



to do business," was selected by 22 percent of the East region participants vs. 11 percent of the Metro region participants. The second alternative, "Maintain a quality environment to attract people and companies to Oregon," attracted 80 percent of the participants from the Metro region and 66 percent of the participants from the East region. A difference exists to be sure, but by no means an overwhelming difference.

THE GENDER GAP

Differences in values and beliefs are greater between men and women than they are among any of the other demographic categories in the study. While it is true, as conventional wisdom might suggest, that women tend to be more focused on values of unique importance to the family, it is particularly interesting to note that seldom did men feel that any personal value, personal activity or government service was more important than did women.

The next three tables show those personal values, personal activities, and government services where there exists a noteworthy difference of 9 percent or more.

Personal Values

Figure 36

<u>Areas of Noteworthy Difference</u>		
Personal Values		
	Women	Men
Participation in family	85.0%	76.0%
Charitability to others	59.0%	43.0%
Practice of religion or spirituality	56.0%	39.0%
Being economical or thrifty	51.0%	35.0%

There is little in Figure 36 to challenge conventional wisdom.

Personal Activities

Again, each personal value measured in the scaled comparisons was assigned two personal activities as a way to triangulate findings. Essentially, the findings of difference between men and women

on the scaled comparison of personal activities (figure 37) associates closely with the differences

Figure 37

<u>Areas of Noteworthy Difference</u>		
Personal Activities		
	Women	Men
Spending time with family	81.0%	67.0%
Spending time with parents	47.0%	35.0%
Doing something just for myself	38.0%	26.0%
Enjoying different kinds of people	36.0%	24.0%
Comparing prices at the store	33.0%	18.0%
Attending religious services	33.0%	22.0%
Donating time to those in need	27.0%	18.0%
Using coupons when shopping	20.0%	9.0%

found in the personal values list.

Government Services

While many of the responses listed in Figure 38 are probably predictable, it might be surprising to some to see the significant differences in "Fire and emergency services," "Police services," and "Courts, prisons and jails." These differences obviously suggest that women indeed feel strongly

Figure 38

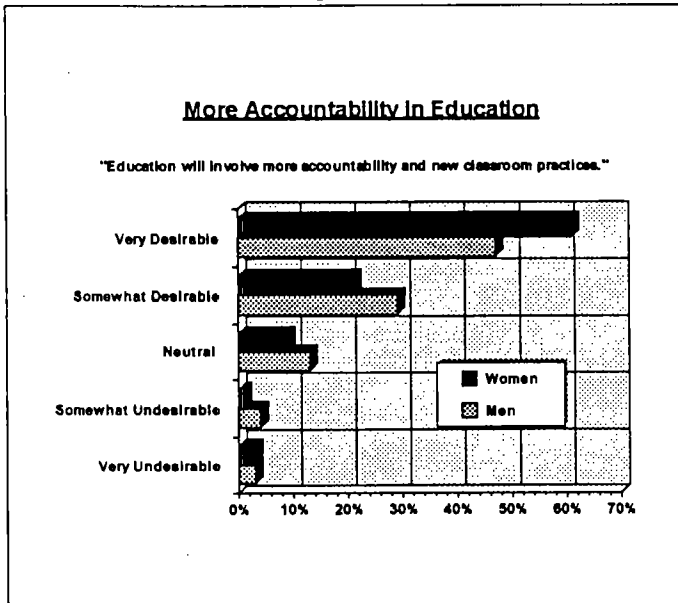
<u>Areas of Noteworthy Difference</u>		
Government Services		
	Women	Men
Fire and emergency services	91.0%	82.0%
Primary and secondary education	86.0%	76.0%
Health and mental health services	76.0%	62.0%
Police services	76.0%	63.0%
Employment and training	71.0%	58.0%
Children's services	68.0%	49.0%
Affordable housing	66.0%	49.0%
Higher education	62.0%	52.0%
Community colleges	55.0%	41.0%
Senior services	54.0%	37.0%
Courts, prisons and jails	53.0%	43.0%
Services for low income	49.0%	34.0%
Health and safety regulation	46.0%	35.0%
Libraries	46.0%	34.0%

about issues relating to personal and/or family security.

Accountability in Education

Perhaps consistent with a heightened concern for primary and secondary education in general, women responded more favorably to the statement, "Education will involve more account-

Figure 39

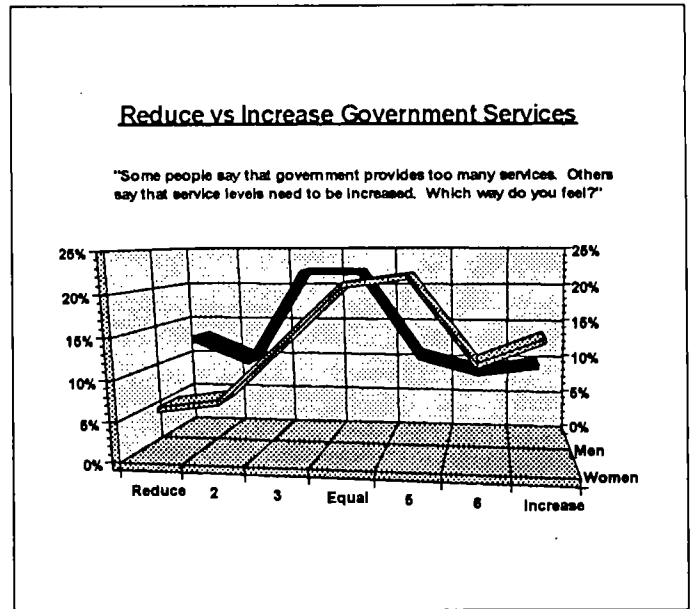


ability and new classroom practices." While both men and women feel that this statement is desirable, women clearly feel so even more.

Reduce vs. Increase Government

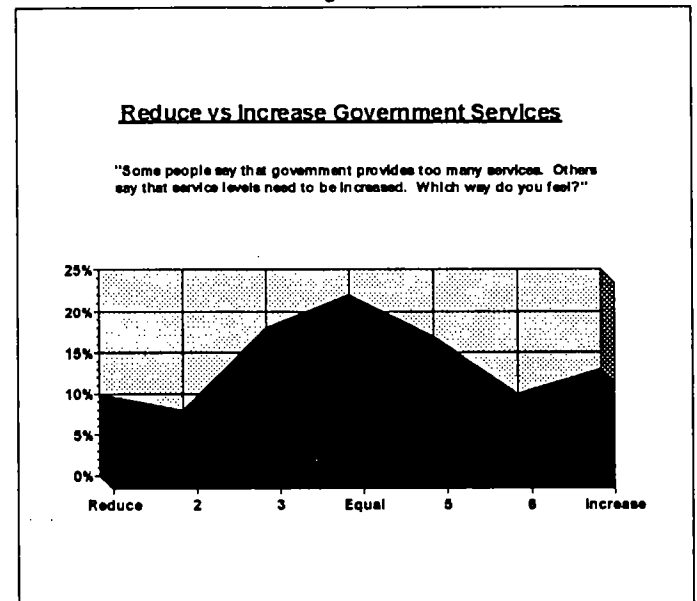
No question in the study more properly displays the challenge to government leaders than the one portrayed in Figure 40, "Some people say that government provides too many services. Others say that service levels need to be increased. Which way do you feel?" There are several qualities to the response to this question that merit attention. First, the responses for each do not exceed 22-1/2 percent, which suggests either a general ambivalence or at least a lack of strong consensus. Second, the bi-modal appearance at the end of each line (the slight uptick on each end of the scale) is comprised of women at one end of the spectrum and men at the other. The statewide results on this same question (Figure 41) demonstrate the nearly perfect symme-

Figure 40



try of responses. Again, the high point at the right end of the scale is primarily composed of women,

Figure 41



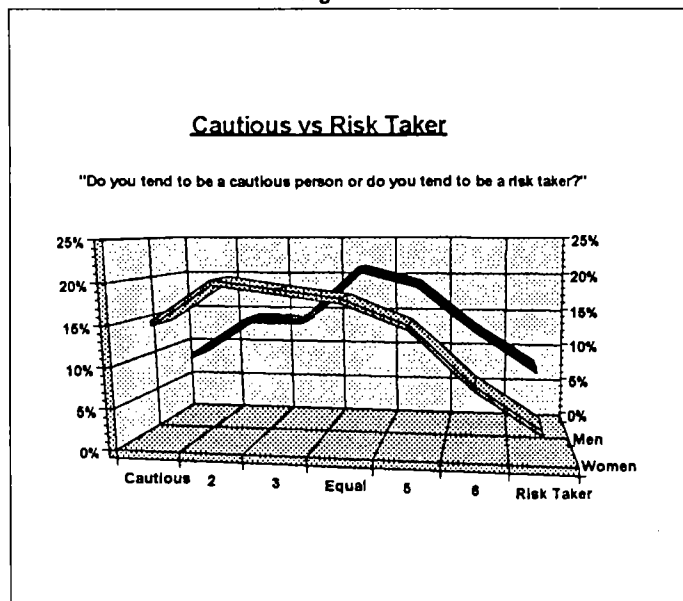
and the high point at the left end of the scale is primarily composed of men.

Cautious or a Risk Taker

A series of personality preferences in the study included the question, "Do you tend to be a cautious person or do you tend to be a risk taker?" (Figure 42). One wonders, when looking at this

graph, what it would have looked like, say, 10 years ago and whether, in another 10 years, there will be much difference at all. Conventional wisdom suggests that these lines are merging; therefore to the extent that women increasingly see themselves as

Figure 42



risk takers, the values for which women exhibit stronger feelings than men are values which might well be more widely represented in public policy. It is our intent that the study serve as a benchmark for future assessments which may resolve the above speculation.

NEWCOMERS

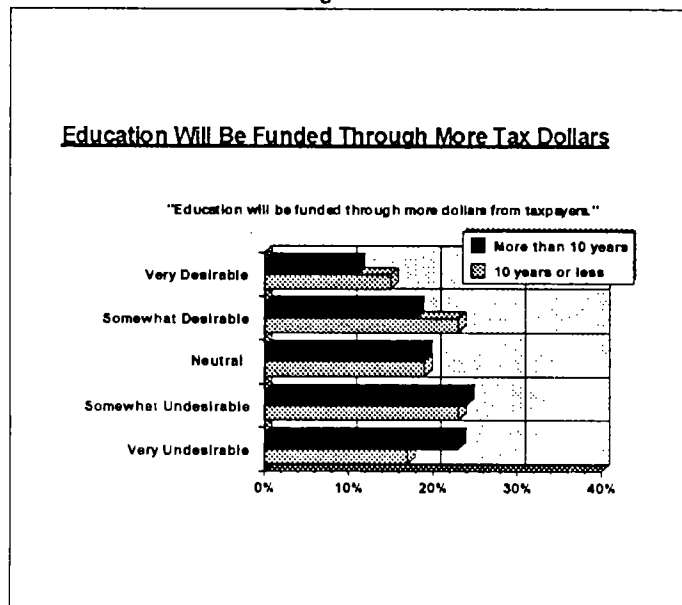
Newcomers, as used here, mean people who have lived in Oregon for less than 10 years. As a group they account for 22 percent of the study participants. The impact of newcomers on Oregon is subject to considerable debate and speculation. Most Oregonians are familiar with the caricature of the Southern California refugee, cash rich from inflated real estate sales, buying a piece of Oregon Nirvana, and then erecting walls to prohibit all additional growth and development.

Participants in this study, who represent a near mirror of the 1991 census update, reflect something different than the above caricature. Newcomers are younger, on average, than the longer term residents of the state (the overall average length of residence in Oregon is 26.5 years). To the extent that there are differences in values and beliefs between newcomers and longer term residents, such differences may well result from differences in age or income more than length of residence in Oregon.

More Tax dollars for Education

Newcomers typically exhibited greater enthusiasm for government services and spending public money. Figure 43 suggests greater interest

Figure 43

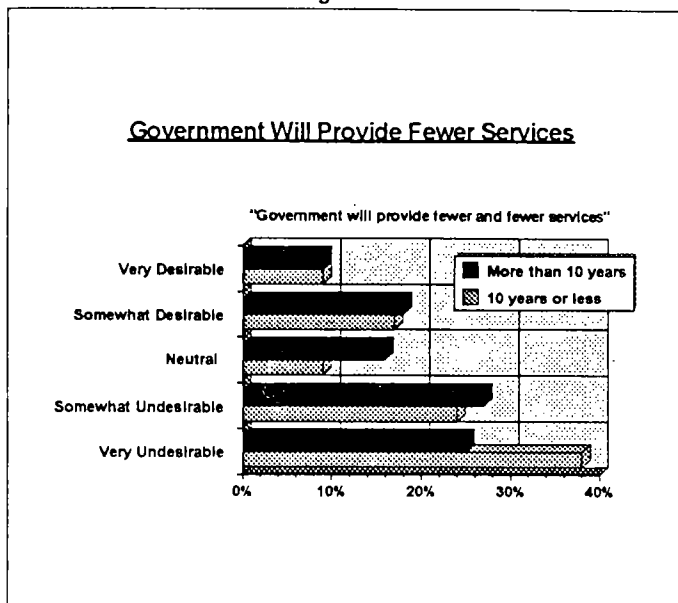


(although hardly overwhelming) in supporting additional tax dollars for education.

Fewer Services

Newcomers are much less enthusiastic

Figure 44

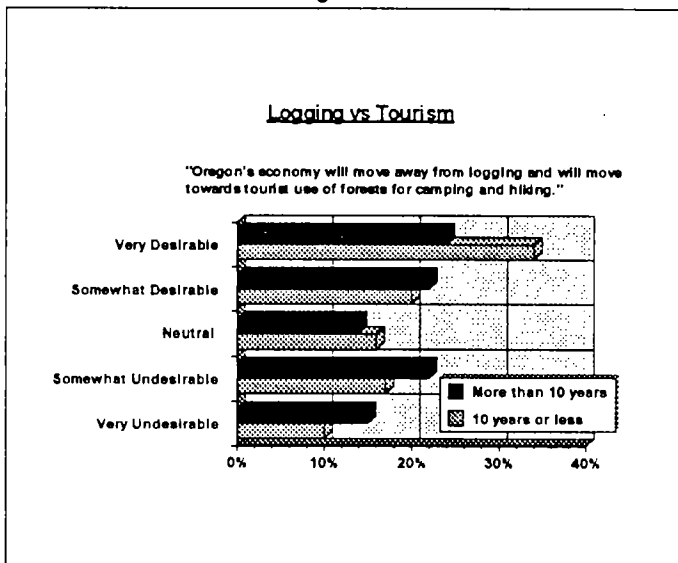


about the idea that "Government will provide fewer and fewer services" than longer term residents.

Logging vs. Tourism

It is typically on environmental issues that newcomers are presumed to share significantly different values. Figure 45 does suggest a difference

Figure 45



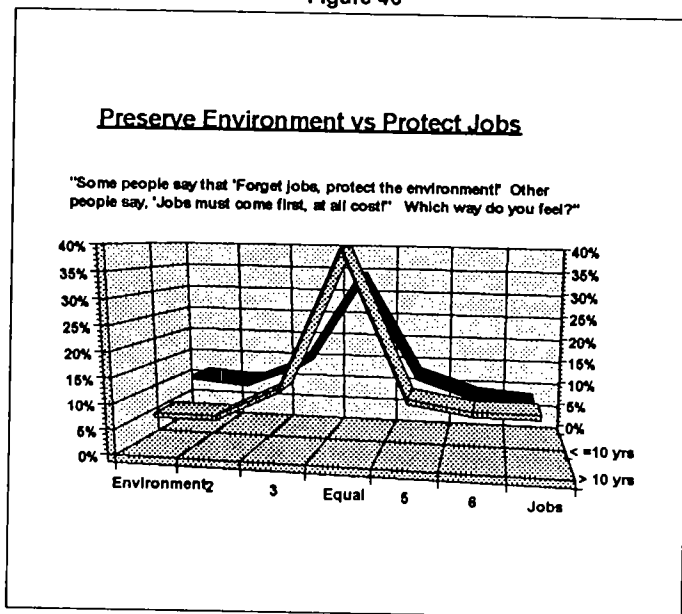
on the statement, "Oregon's economy will move away from logging and will move towards tourist use of forests for camping and hiking." Yet when one considers that relatively few people have moved to Oregon within the last 10 years to work in the timber industry, these differences don't seem terribly significant.

Environment vs. Jobs

Newcomers exhibit some differences in the scenario of preserving the environment versus protecting jobs (Figure 46), but perhaps less than conventional wisdom might suggest.

More Jobs

Figure 46

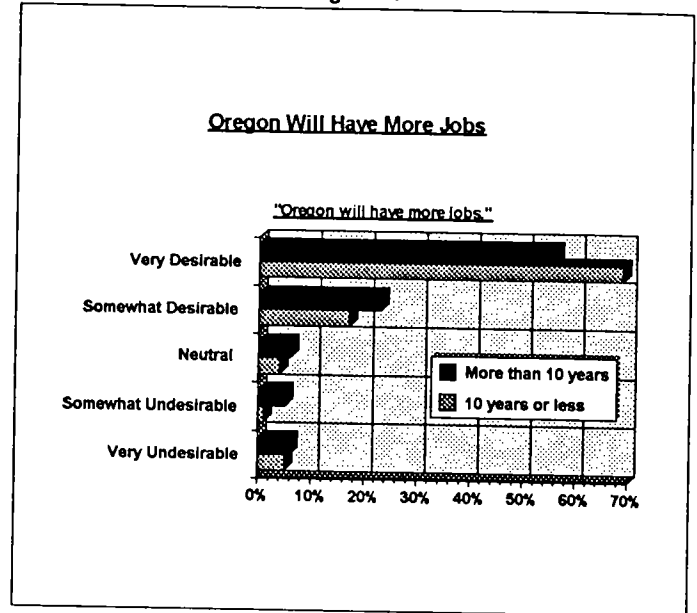


Again, contrary to the popular conception, newcomers feel that the statement, "Oregon will have more jobs" is even more desirable than longer term residents. The notion that newcomers are hostile to economic development or that they are significantly more concerned about the environment is not born out by the data in this study. Figure 47 suggests that while participants in general support the notion that Oregon will have more jobs, newcomers feel even more strongly about that statement.

But Do They Vote?

In the May 1992 primary, only 46 percent of

Figure 47

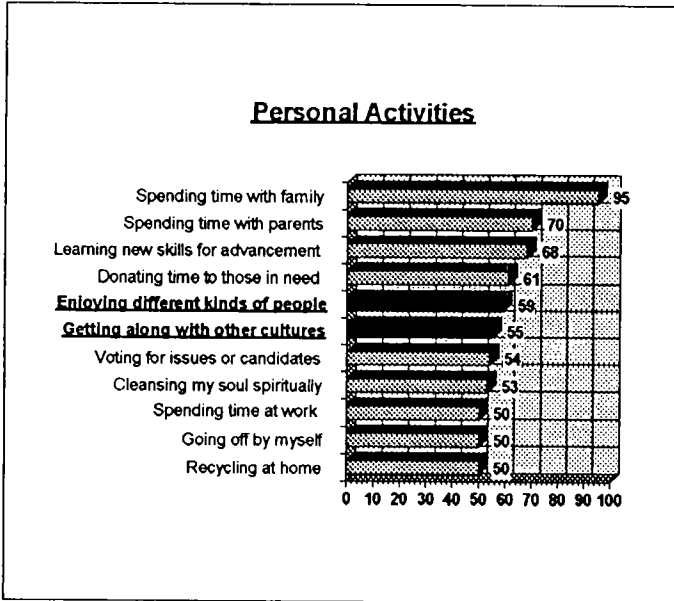


newcomers voted as opposed to 56 percent of longer term residents.

DIVERSITY

Participants appear to be somewhat ambivalent about the benefits of a diverse population. "Diversity of people" was the least important value in a list of 10, but "Enjoying different kinds of people" and "Getting along with other cultures" (the two personal activities which were paired with "Diversity of people") rated highly on this partial list

Figure 48



of 20 personal activities.

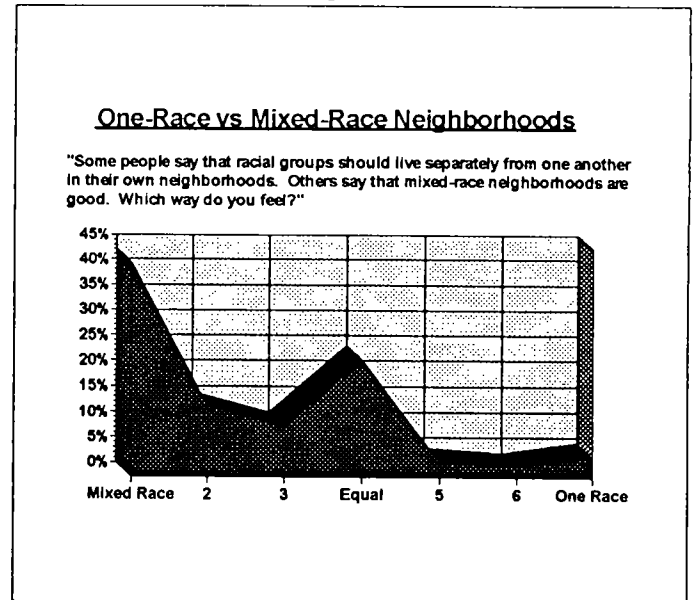
Mixed Race Neighborhoods

In regard to single- versus mixed-race neighborhoods (Figure 49), 42 percent of the participants placed themselves on the mixed race end of the scale, while only 4 percent selected single-race neighborhoods. Indeed, only 9 percent were on the entire half of the scale favoring single-race neighborhoods.

More Racial Diversity

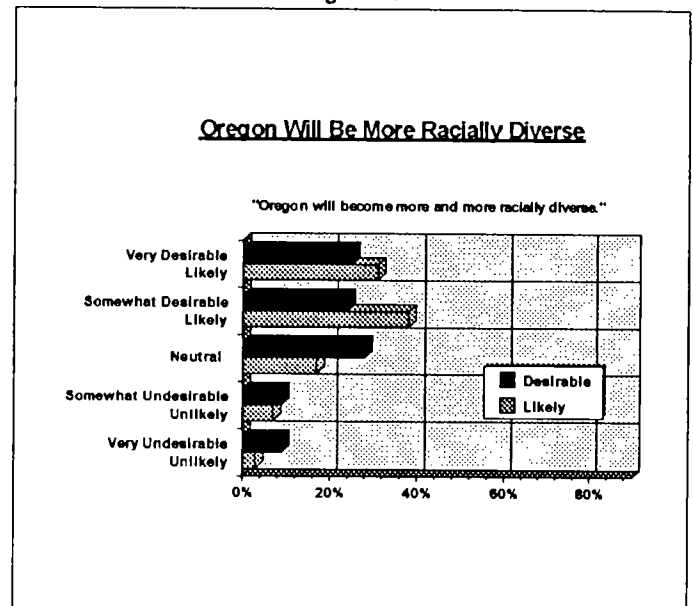
Participants were asked to assess the likelihood and indicate their preferences on the statement "Oregon will become more and more racially diverse." Clearly, the statement is likely to come true. Fewer people consider this to be desirable, although 49 percent felt that this was either very or somewhat

Figure 49



desirable. Eighteen percent felt that this was very to somewhat undesirable.

Figure 50



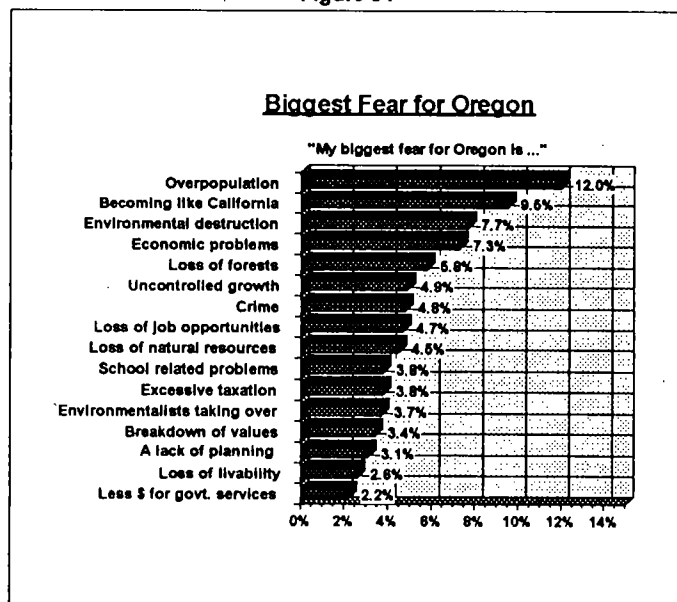
GROWTH MANAGEMENT

Oregonians are very concerned about the effects of population growth on Oregon's environment, and on the overall quality of life. They are somewhat pessimistic about the prospects for resolving many of these issues and they appear unenthusiastic about at least some of the current prescriptions.

My Biggest Fear

When asked to identify their biggest fear for Oregon (an open ended question), participants provided responses that related predominantly to growth. The leading aggregation of responses (Figure 51) fell into the category "overpopulation" fol-

Figure 51

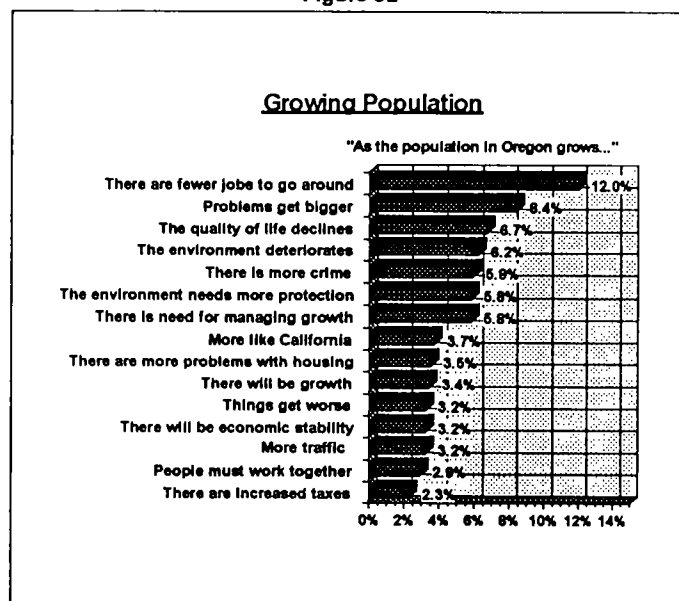


lowed closely by "Becoming like California" which, within the context of the question, must be taken as a growth related concern.

A Growing Population

Given the concerns expressed about Oregon's future, and the essentially negative mentions relating to population growth, it is particularly interesting to note the responses to another open-ended sentence, "As the population in Oregon grows...." Virtually all of the responses are nega-

Figure 52

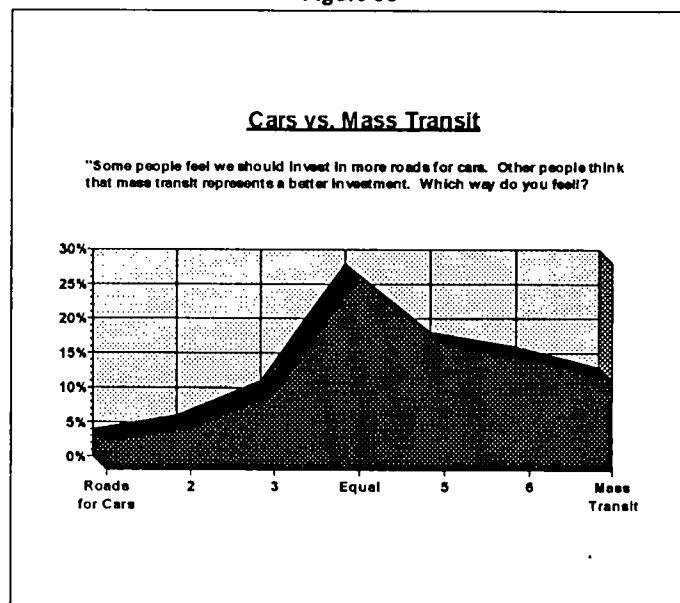


tive, and express concern about the effects of growth. It is particularly interesting that the belief "There are fewer jobs to go around", is the largest response category. This is not consistent with Oregon's experience over the last decade (i.e. population growth and net job growth). Again, there are almost no virtues attributed to population growth.

Cars vs. Mass Transit

On the question of moving by car or mass transit (Figure 53), participants tended to favor transit. Did respondents feel this way because they

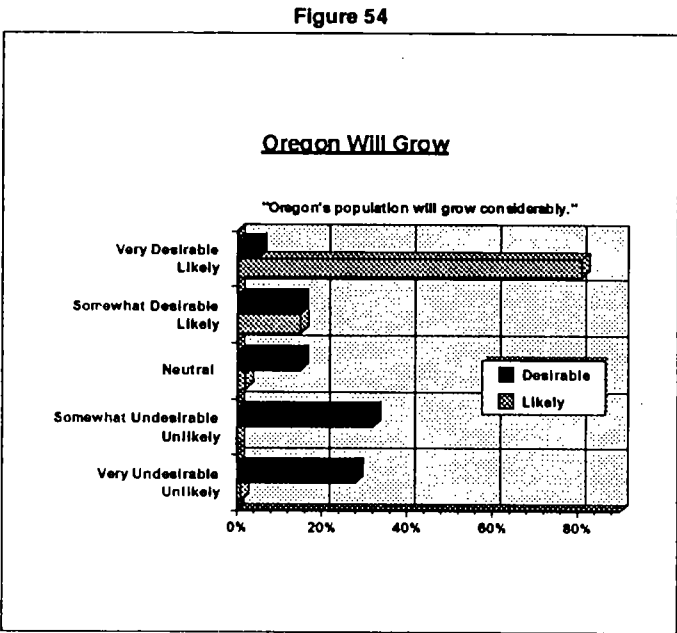
Figure 53



want to personally take advantage of transit (i.e. ride the bus or light rail) or is it because they see transit as a potential antidote to the ill effects of growth (i.e. they want *other people* to use mass transit)?

Will Oregon Grow?

Expectations about growth seem to be consistent with virtually all projections. When asked to respond to the statement "Oregon's population will grow considerably," participants were unambiguous (Figure 54). Ninety-six percent said that it



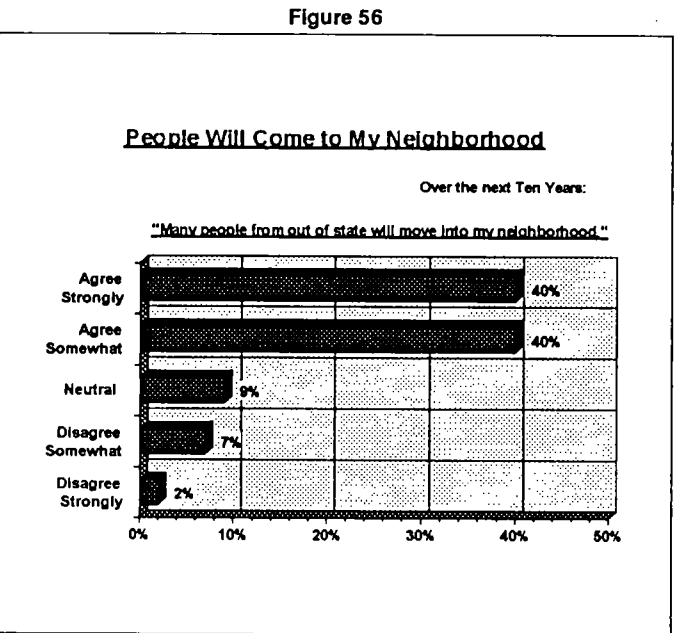
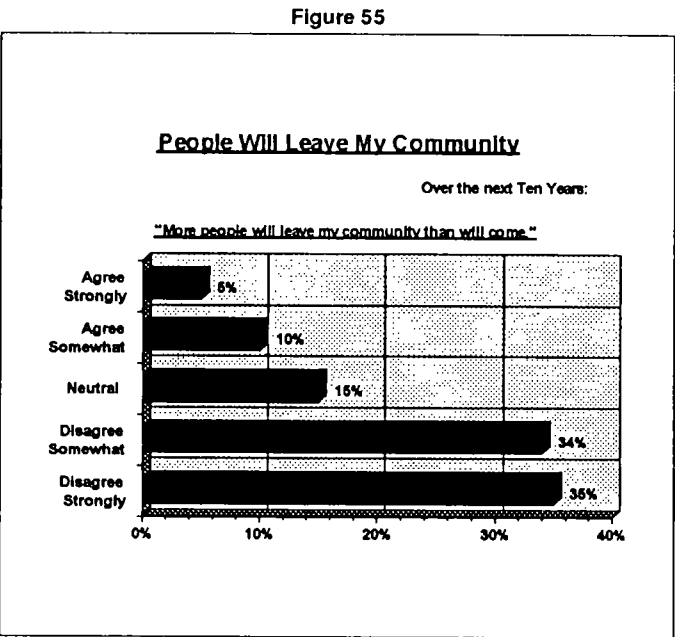
was very or somewhat likely that "Oregon's population will grow considerably," and yet only 20 percent felt that the same statement was either very or somewhat desirable.

People Will Leave - People Will Come

In keeping with earlier responses, participants clearly have strong expectations about growth. Asked to agree or disagree whether "More people will leave my community than will come," 69 percent said they disagreed strongly to somewhat.

On the other hand, when confronted with the statement "More people from out of state will move into my neighborhood," 80 percent agreed strongly or somewhat.

everyone agrees that immigration will represent a portion of Oregon's future population growth, it accounted for less than 20 percent of our growth over the last 10 years.



OREGON VOTER PROFILE

Voters matter in Oregon. Since the early part of this century, Oregonians have possessed the initiative, referendum and recall. While these three different vehicles of direct democracy have been used somewhat sparingly by Oregonians (at least in comparison with our neighbor to the south), their mere presence on the scene serves as a constant reminder of the critical importance of voters in Oregon.

This profile divides participants into three separate classes: those who voted in the May 1992 primary, those who are registered to vote but did not vote in the May 1992 primary, and those who are not registered. The May 1992 primary was a relatively low-turnout election which, therefore, serves to clearly distinguish those for whom voting is particularly important from those for whom it is not.

Figure 57

OREGON VOTER PROFILE			
	Motivated	Registered	Not Registered
Percent of Total	52%	33%	15%
Age	47.71	38.03	35.82
Income	37,694.54	32,832.25	26,595.55
# in Household	2.82	2.94	3.01
# Children	2.02	1.96	1.92

Figure 57 provides some basic demographic information about these three different groups. From the beginning of this examination, it becomes clear that the differences are not coincidental. Motivated voters (who represent 52 percent of our sample) are older, and have a higher household income. Figure 58 show the difference in marital

Figure 58

OREGON VOTER PROFILE			
MARITAL STATUS	Motivated	Registered	Not Registered
Single, Never Married	10%	21%	23%
Single, Living with Someone	4%	9%	8%
Married	65%	51%	48%
Divorced or Separated	14%	17%	19%

status. Motivated voters are more likely to be married, and less likely to have experienced divorce.

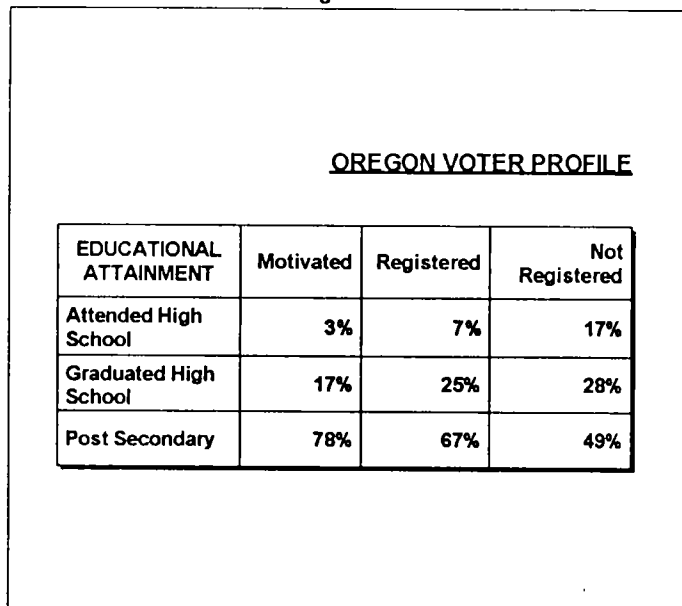
Reinforcement for the notion that these differences between voters and non-voters amounts to a class difference comes in Figure 59 which shows information relating to housing. Seventy-five percent of participants who voted in the May 1992 primary own their home. Of those not registered to vote, only 41 percent own their own home. Motivated voters are significantly more inclined to live in a single family home than are non-voters, and not surprisingly they are significantly less inclined to

Figure 59

OREGON VOTER PROFILE			
HOUSING	Motivated	Registered	Not Registered
Single Family Home	74%	64%	57%
Mobile Home	10%	10%	17%
Apartment / Condo / Duplex	12%	21%	18%
Own	75%	57%	41%
Rent	24%	43%	57%

have lived in either a mobile home or apartment than are non-voters.

Figure 60



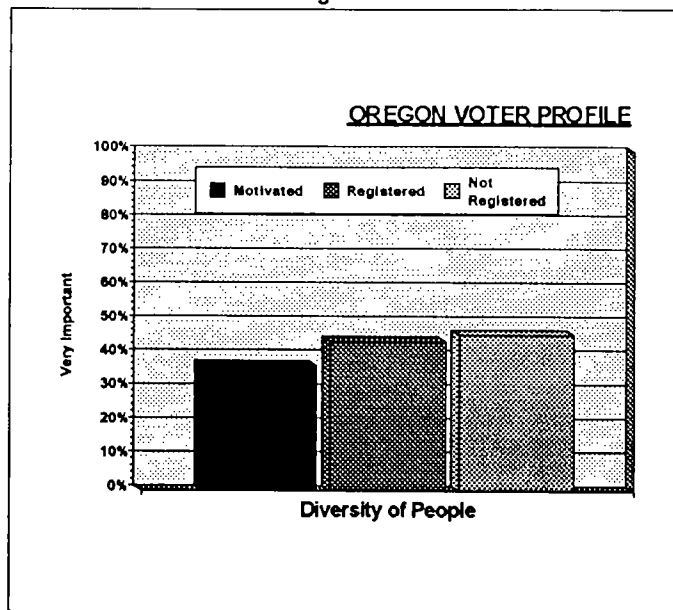
The differences in educational attainment are equally compelling. Fully 78 percent of motivated voters have attained some level of post secondary education as opposed to 49 percent of those not registered to vote.

As with the other demographic variables surveyed in the previous figures, the differences demonstrate a continuum, with motivated voters at one end, non-registered voters at the other end, and those registered but not voting in the middle. Furthermore there are clear economic and social implications for this continuum. Those who are older, have higher educational attainment, own property, have higher incomes, and have families are significantly more inclined to vote.

Diversity of People

The accompanying graphs will examine the extent to which each of the aforementioned classes feels that the topic of the graph is very important. The topic of Figure 61, for example, "Diversity of people," is one of the 10 personal values which were measured using both the scaled comparison technique and the conventional open- and close-ended questionnaire. Approximately 37 percent of motivated voters thought that "Diversity of people" was

Figure 61

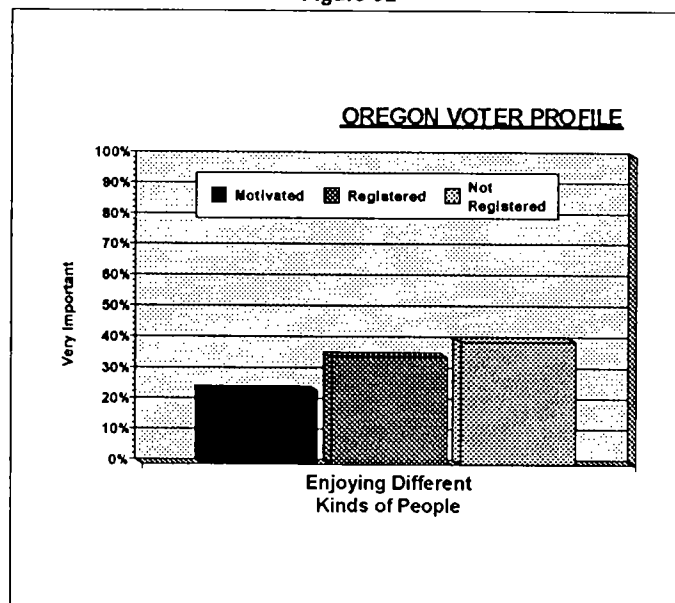


very important; 44 percent of those registered but not voting felt that "Diversity of people" was very important; 46 percent of those not registered to vote felt that "Diversity of people" was very important. The same continuum referenced earlier exists here as well.

Enjoying Different Kinds of People

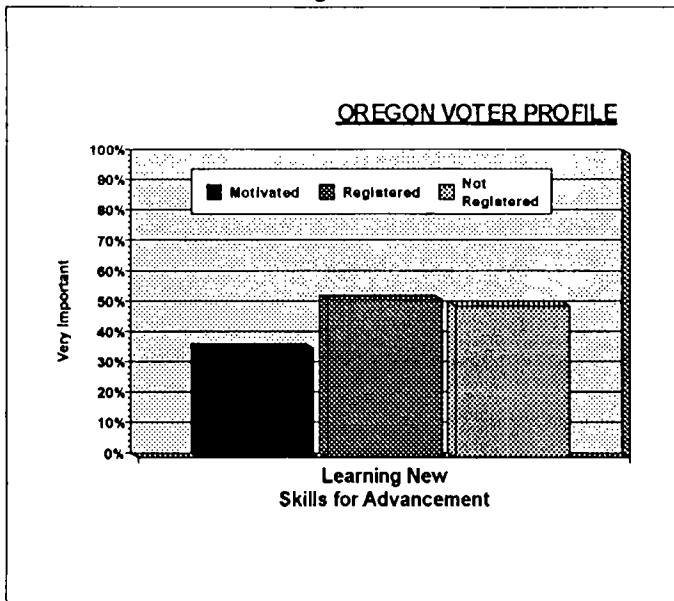
These findings are similar to those above. That is, motivated voters are less inclined to rate as very important either "Diversity of people" or "Enjoying different kinds of people".

Figure 62



Learning Skills for Advancement

Figure 63

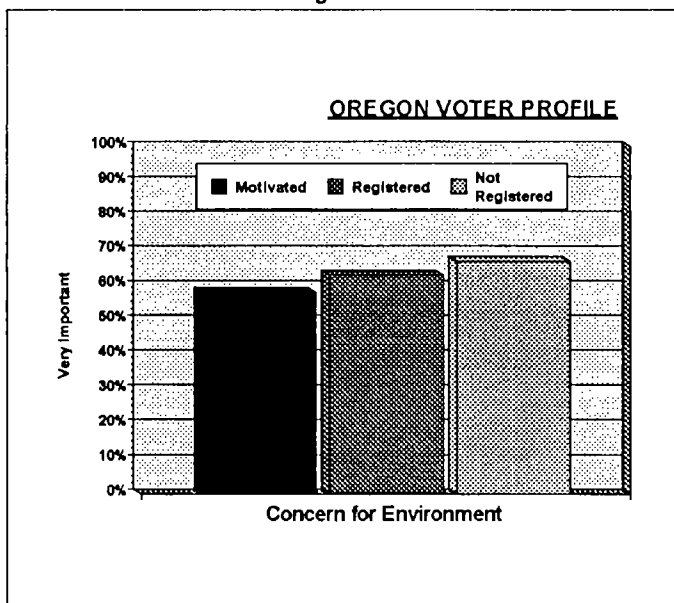


The earlier demographic profile might suggest that motivated voters are less concerned about "Learning new skills for advancement" because they are more likely to possess those skills than either those who neither registered or voted.

Concern for the Environment

While there are clearly differences here

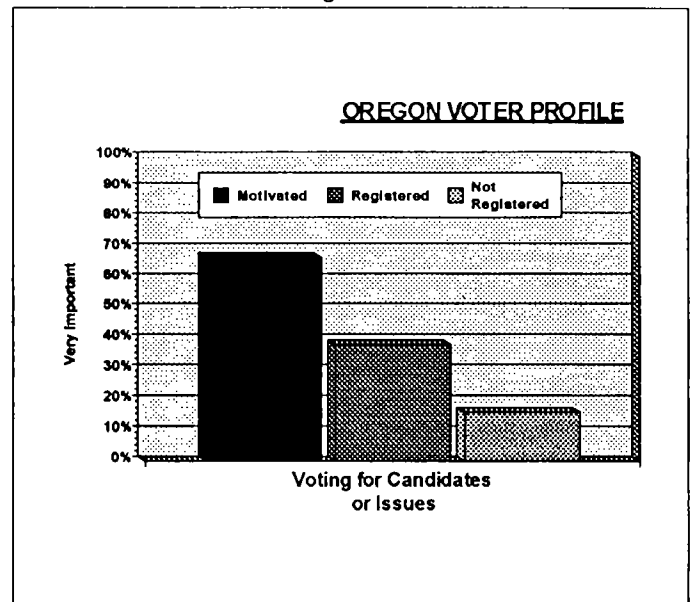
Figure 64



(Figure 64), each of the three different groups sees this value as very important.

Voting for Candidates or Issues

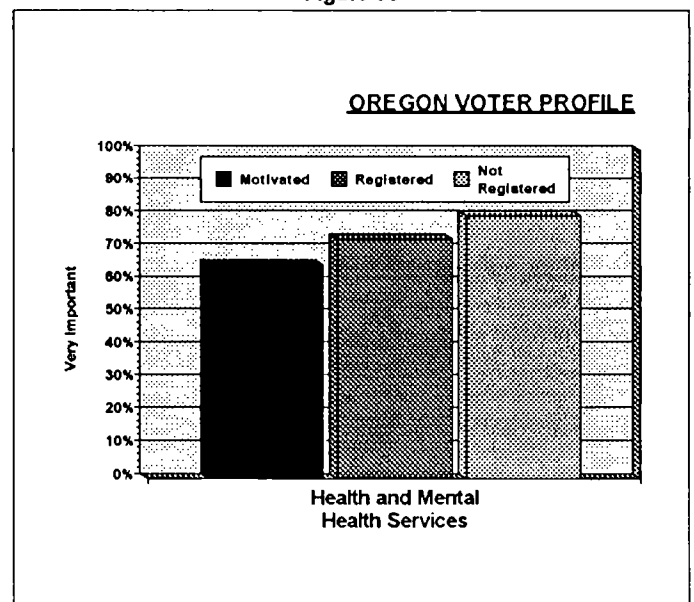
Figure 65



The results of this graph (Figure 65) ought to be obvious, but it is useful in demonstrating strong internal consistency in the study data, and in confirming another important sub-text to this profile of voters; people who don't vote are clearly more inclined to feel alienated from public participation.

Health and Mental Health Services

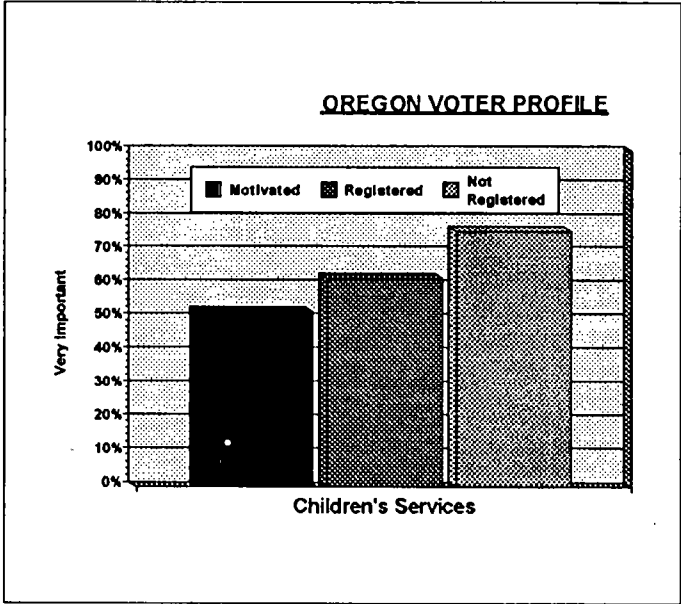
Figure 66



A clear difference exists between active voters and non-voters in virtually all areas of social service. Given the economic and social profile of these three groups it is interesting to note that those most in need or most aware of the need for these various social services are least likely to vote.

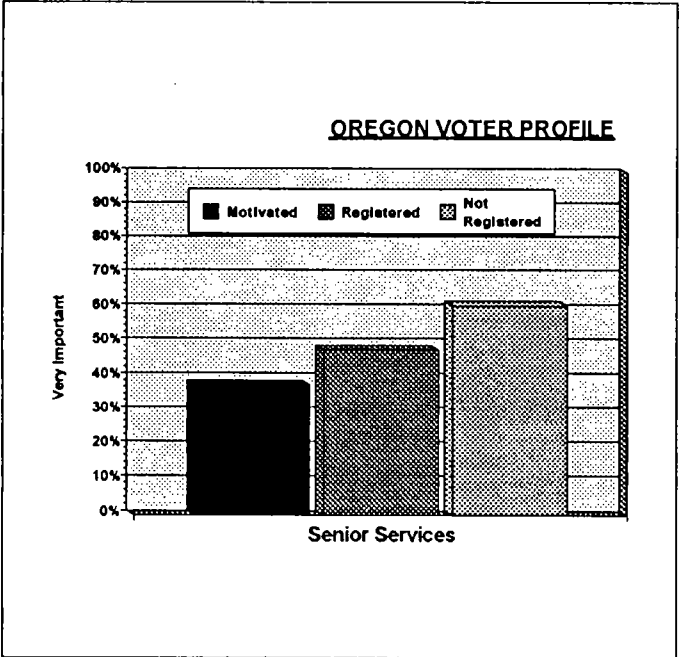
Children's Services

Figure 67



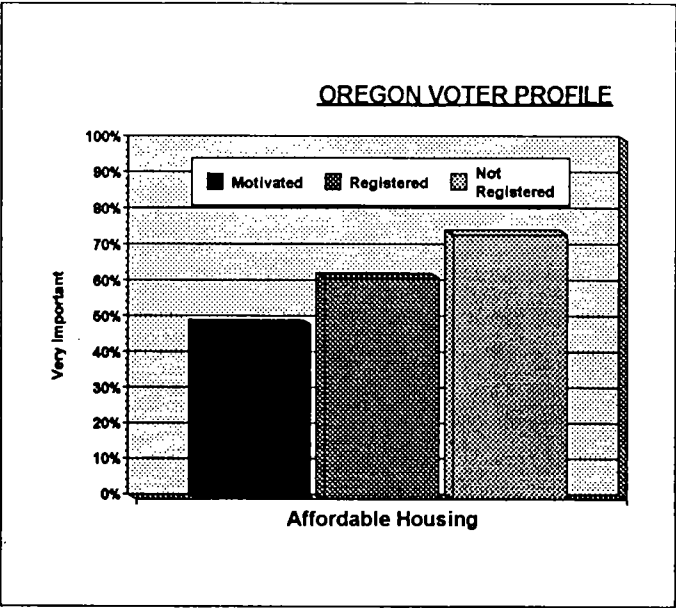
Senior Services

Figure 68



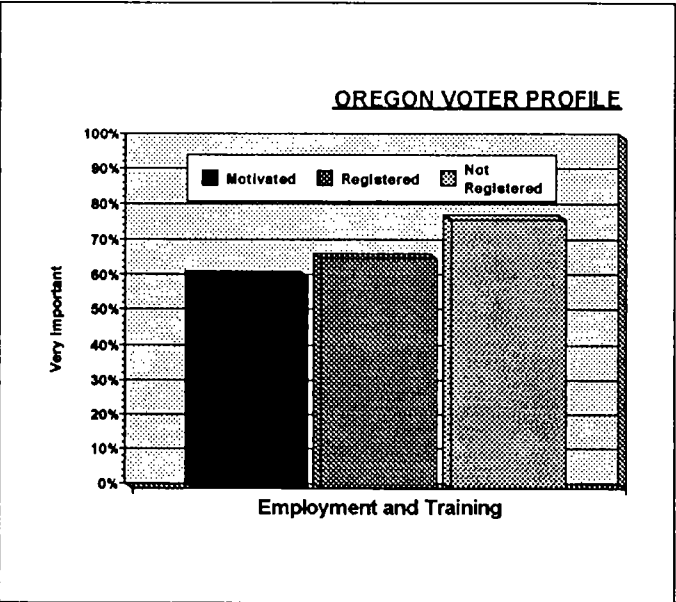
Affordable Housing

Figure 69



Employment and Training

Figure 70

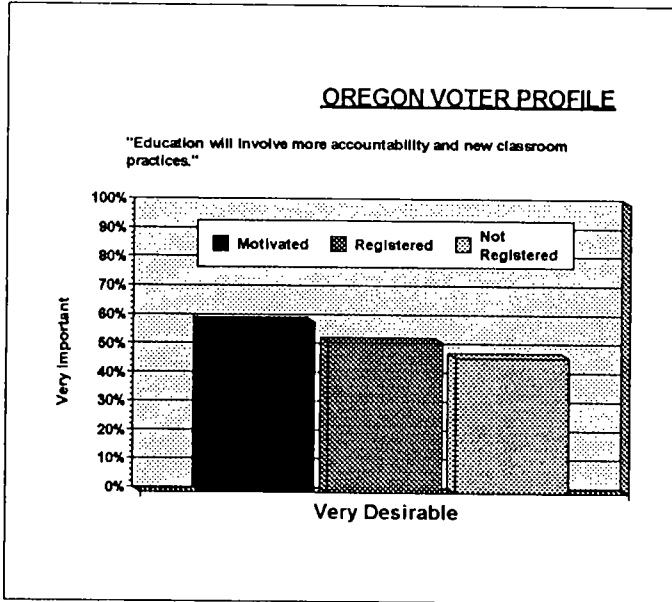


Educational Accountability

While it is clear that non-voters are more likely to express enthusiasm for social services (for which they arguably have greater need, or to which they are more aware), voters were more likely to

express their support for accountability in education.

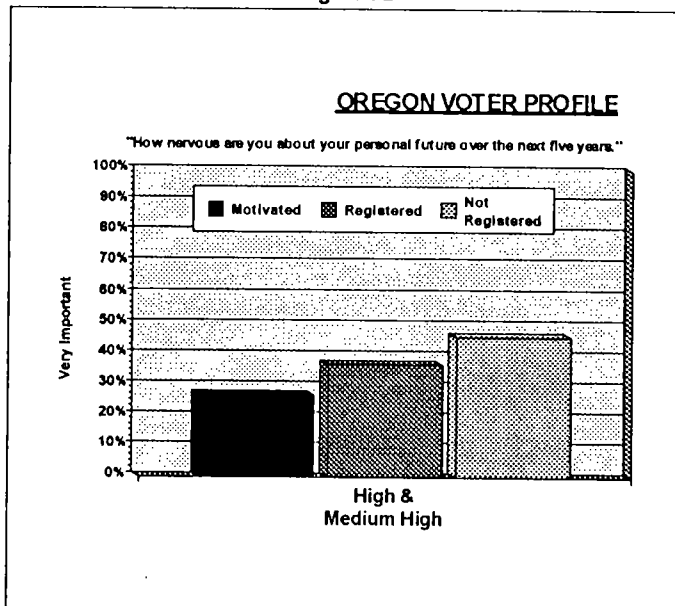
Figure 71



Nervous About the Future

It is not at all surprising then, given all of the above, to discover that non-voters acknowledge considerably more nervousness about their own personal future over the next five years.

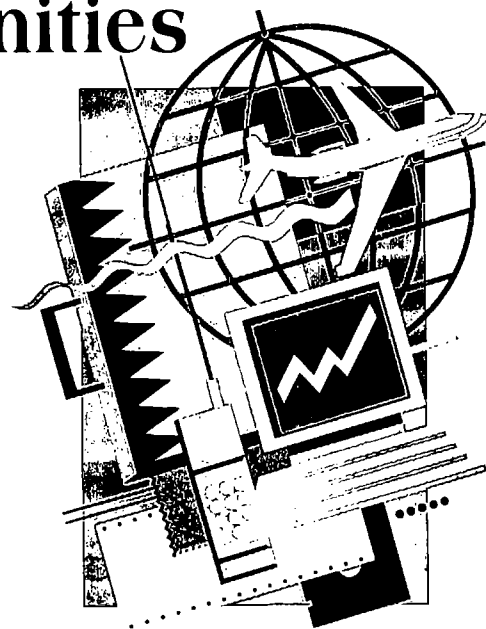
Figure 72





A Summary of
**Strengths,
Weaknesses,
Opportunities
and Threats**

**for the
Transition Communities
of Oregon**



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INTRODUCTION

Beginning in August of 1989, the Oregon Economic Development Department (OEDD) has conducted assessments of *Strengths, Weaknesses, Opportunities and Threats* (or SWOT) for thirteen communities in the seven counties of southern and western Oregon. This report contains a summary of findings and recommendations resulting from the individual SWOT assessments.

Background

In 1989, the Oregon Economic Development Department (OEDD) started the *Community Initiatives Program*. One element of this program is to assist communities and counties in *transition* -- that have been or may be impacted by immediate and long-term timber shortages.

Seven counties in western Oregon agreed to participate. Counties participating in preparing long-term strategic assessments are: Coos, Curry, Douglas, Lane, Linn, Jackson and Josephine Counties.

The county level strategic assessments have focused on identifying *long-term* strategies for economic diversification. At the same time, thirteen communities have used the SWOT process to identify *more immediate* short-term actions that could be taken to begin the diversification process.

Purposes

The purposes of the SWOT analyses have essentially been threefold:

1. To develop an analysis of *Strengths, Weaknesses, Opportunities and Threats* that is shared by each local community and OEDD as a reference point for the county level strategic assessment.
2. To create an *action agenda* of one to four projects for implementation.
3. To assist with *follow-up* and *implementation* of the selected projects.

Participants

Communities that have participated in the SWOT assessments are listed as follows:

Brookings-Harbor, Gold Beach and Port Orford	Lebanon
Butte Falls	Mapleton
Cave Junction	Mill City
Coos Bay and North Bend	Myrtle Creek, Riddle and Canyonville
Coquille and Myrtle Point	Oakridge
Harrisburg	Springfield
Sweet Home	

SWOT team members for each individual assessment included a representative from OEDD and a private consultant. Lynn Youngbar, manager of the Community Initiatives Program, Oregon Economic Development Department has provided project coordination and follow-up.

Private consulting firms have provided on-site interviews and the written assessment reports. Consultants involved in preparing one or more community assessments have included:

ECO Northwest Economic Research Associates	E. D. Hovce & Company Lane County Administration/Community Economic Development Program
---	---

In most cases the community response was organized by the either the mayor, council members or city manager of the communities involved.

As the community listing indicates, nine of the thirteen assessments were for single cities. However in four instances, SWOTs were conducted for two or three communities which effectively function as combined economic units.

The SWOT Process

The process for conducting a SWOT assessment was intended to be brief but comprehensive. In each community a series of between 15 and 30 interviews were conducted, most in person over a two to four day period.

The SWOT teams also reviewed planning and other documents that describe or could affect the economic potential of the community. A meeting to formally discuss the SWOT process and preliminary observations was generally held. A final report was submitted incorporating suggestions obtained in the meeting.

The findings and recommendations contained in these SWOT reports have been be *preliminary* in nature. They are intended to serve as a basis for further discussion with a Community Response Team (CRT) that is assembled jointly by the affected communities and key private interests.

SWOT findings and recommendations should be *tested* and then *refined* by each community to formulate an action plan that can achieve support by affected interests and be ready for initial implementation.

As noted, this report comprises a *summary* of the findings from the 13 separate SWOT analyses for timber dependent (or transition) communities in southern and western Oregon. This summary provides findings based on themes and economic opportunities that many or all of the communities have in common. Policy implications for the State of Oregon, its economic development and related programs are also identified.

Organization Of This Report

This report is organized to follow the methodology of the SWOT approach that has been used in the 13 transition communities:

An assessment of competitive *strengths* that emerge as a common thread across most or all of the communities which have been evaluated.

Recognition of *weaknesses* that realistically serve to limit the extent or speed with which diversification may be able to occur.

Identification of *opportunities* that represent "good bets" for immediate action as a means to generate additional employment, business and investment opportunity.

A clear statement of the *threats* which, if unchecked, could undermine local economic stability and therefore should provide incentive for action.

Policy implications which are common to the SWOT communities.

Finally, *recommendations* that can serve as a starting point for preparing more specific action plans with implementation beginning immediately.

STRENGTHS

Every community has certain *strengths* or assets which make it a good place to do business or invest, as well as to live, work and recreate. In conducting the SWOTs, certain strengths emerged over and over again. In addition, each community offers unique attributes which distinguishes it from the others.

Common Strengths

Ten strengths were consistently mentioned across the thirteen SWOT communities.

1. *Livability is the asset most commonly mentioned in virtually all of the communities.*

As might be expected, the terms livability, quality of life and rural lifestyle can mean different things to different people. And each community offers its own set of lifestyle characteristics that appeal to some but not others.

For long time residents and newcomers alike, a slower pace of life and the ability to know your neighbors are considered to be important. Some have intentionally left metropolitan areas seeking a less stressful and more secure life for their families.

It is clear from these communities that the rural lifestyle is alive and well in Oregon. Some younger families are returning to small communities even though it may mean less economic opportunity. Retirees have pulled up stakes in larger cities of the Willamette Valley or California to spend their retirement years where they want to be rather than where they have to be.

2. *Forest resources remain a long-term economic asset.*

Virtually all of the transition communities of southern and western Oregon are dependent to some degree on public timber sales. And supply reductions, whether short or long-term, are expected in many areas.

The short-term supply reductions are more severe in a number of instances. For example, the south coast of Coos and Curry counties is expected to experience a 0-5% decline in timber harvest for the 1991-2000 period followed by a substantial 45-50% increase in timber availability long-term. The supply situation on the *south coast* is probably more promising than for many other areas due to historical overcutting during the World War II period and lesser dependence on public timber than in some other areas.

However, even in forests that expect larger supply reductions such as the Willamette National Forest, the sheer quantity of the timber resource means that wood products and forestry will always remain an important part of the local economy.

3. *Diverse recreation opportunities are available in or near all of the mill towns in the seven southern and western Oregon counties.*

The availability of nearby hunting, fishing and other recreational activities is an important component of the rural quality of life for local residents. Recreational attractions are important tourism draws in a number of communities as well.

The availability of quality recreation offerings belies the *industrial* mill town image presented by these communities. Many of these recreational assets have yet to be discovered by nonresidents and many are undeveloped as tourism draws.

4. *Surprisingly, many of the mill communities are accessible enough to larger cities to be within commuting distance.*

Communities that were perceived in the past to be isolated and therefore economically self reliant are now becoming increasingly tied to larger cities that may be up to one hour's drive away. This gives local residents the opportunity to commute to the larger city for jobs and shopping.

The ability to commute has provided an economic cushion for communities that have otherwise been hard hit economically. For example, a surprising number of Oakridge residents commute over an hour's drive to Eugene for jobs, shopping and medical services. Mill City residents commute to the Salem-Stayton areas. Those in Cave Junction commute to Grants Pass. Coquille and Myrtle Point residents are within one-half hour's drive from Coos Bay and North Bend. And Butte Falls is within striking distance of Medford.

5. *Some, though not all, of Oregon's mill towns are spawning local entrepreneurs.*

In virtually all of the mill towns, there has been little awareness or recognition to date of the growing importance and potential of small cottage industries.

Entrepreneurship appears to have taken place for different reasons in different communities. Cave Junction, for example, has a long history of cottage industry beginning with the counter culture community of Takilma in the 1970s.

By contrast, a number of home based businesses have been created in the Myrtle Point and Coquille area due to economic necessity as mills began to close in the early 1980s. Residents are involved in activities ranging from mushroom picking and fern cutting in the National Forest to starting small manufacturing companies. These include specialty companies which have national markets such as two of the world's leading manufacturers of wooden arrows.

Even an isolated area like Butte Falls has a vibrant craft community. The community also has links with the large artistic craft community in the Rogue River Valley.

Many of the home based businesses which have developed around specialized crafts may or may not have plans to expand. Some prefer to keep their businesses small as part of a lifestyle they enjoy.

Communities that appear to experienced little in the way of a formal entrepreneurial tradition may have more going on than is readily apparent. Sweet Home, for example, has attracted a secondary wood products manufacturer. The Coos Bay and North Bend areas have small companies that are involved in activities such as boat building and repair, plastics and engineering specialties.

6. *Oregon's small mill towns have offered affordable low cost housing.*

Affordable housing has made it possible for people to live in rural communities even when job opportunities have not been plentiful. Retirees have often been drawn by the ability to *cash out* on greatly appreciated property in a large city, and then spend only a fraction of the proceeds to buy a comparable or better home in an Oregon mill community. The remainder can then be invested elsewhere and serve as a continuing source of income.

Low cost housing has also begun to draw more commuters from large metropolitan areas and, in some cases, those on welfare or supplemental income who are finding it increasingly difficult to find suitable housing in a metropolitan area.

The recent trend of in-migration has begun to create housing shortages in communities that were experiencing outmigration and high vacancy rates only a couple of years ago. In most of the SWOT communities, the housing shortage is so recent that prices have not yet begun to appreciate significantly. However, the downward trend in values over the early to mid-1980's has been reversed. Rental rates and housing values have stabilized and, in some communities, begun to edge upwards.

7. *The SWOT communities have strong traditions of volunteerism and community pride.*

No matter how badly a community has been hurt by mill closures or divided by factions on some issues, there is usually some rallying point that serves to bring the community together. For many, local schools are an important source of community pride. There are some unique attributes as well. For example, Coquille residents are actively involved in an annual summer season community theater -- the Sawdust Theater. Butte Falls has an active Friends of the Library organization.

A number of Oregon's mill towns have begun to take steps to become organized and to plan for economic diversification. The electric utility, Pacific Power and Light, serves many of these communities and has helped to provide technical assistance and leadership in a number of instances.

8. *Residents of Oregon's mill towns appear to have anticipated and are moving ahead with their own plans to adjust to mill closures and curtailments.*

The current situation of mill closures and curtailments due to the spotted owl controversy and long-term supply reductions is very different from that experienced in the early 1980s with mill closures. In the early 1980s, the shock of mill closures was unanticipated and could not be responded to readily. Many long time mill workers had difficulty readjusting and finding new jobs. Rather, they waited out the recession causing considerable economic hardship during the *down time*.

By contrast, signs of economic distress this time are not as readily apparent. The chief difference appears to be that mill workers, local businesses and area residents better anticipated this round of curtailments and have made plans to adjust. For at least some mill workers this has meant a willingness to find other types of jobs and commute to larger urban areas if necessary. Some former mill employees, including many older workers, have gone through re-training. Some have retired. And some have started businesses of their own.

9. *As communities, Oregon's mill towns have begun to develop the tools and the desire to undertake long-term diversification.*

Collectively, Oregon's mill town *communities* have been slower in making the transition than have *individual* residents. This is not unexpected, since it generally takes longer to develop community than household consensus on a new course of action. The local capacity -- in terms of leadership and financial resources -- that is necessary to initiate change has also been slow to develop.

However, a number of the communities have taken active steps to begin a program of economic diversification. In some communities this effort is led by the city, in others by the Chamber of Commerce. And in many, Pacific Power and Light has taken a leadership role by offering technical resources and leadership.

The majority of the SWOT communities have a designated enterprise zone. While an enterprise zone has generally not been the major reason for recruiting new industry, the designation does appear to be helpful in some cases as a final deciding factor between competing communities.

Several of the larger communities such as Springfield, Lebanon and Coos Bay/North Bend have also established innovative urban renewal districts -- for downtown or industrial projects. Coquille also has plans for an urban renewal district.

10. *In addition to their other strengths, the SWOT communities offer unique economic assets that separate them from other communities.*

A *sense of place* is what makes one community different from another. These are the special attributes that distinguish a Springfield from a Coos Bay, a Mill City

from a Sweet Home from an Oakridge, and a Cave Junction from a Coquille-Myrtle Point. Examples of *unique* community strengths which are distinctive for the SWOT towns are identified by the chart which follows:

Community	Unique Strengths
Brookings-Harbor, Gold Beach and Port Orford	Ocean beaches and direct proximity to California via Highway 101.
Butte Falls	Heritage of an isolated company mill town.
Cave Junction	Blending of counter culture and retirees. Also a regional shopping area for an Illinois Valley population of approximately 15,000 people.
Coos Bay and North Bend	International export port. Also a regional trade center for a population of 80,000-90,000 people.
Coquille and Myrtle Point	One of the few inland coastal areas on the Oregon coast. Offers distinctive downtowns and a large community center in Coquille.
Harrisburg	No longer timber dependent. Crossroads of the lower Willamette Valley with easy access to Eugene-Springfield in one direction and Corvallis-Albany in the other.
Lebanon	Large industrial sites being readied for development.
Mapleton	Inland river (Siuslaw) with both fresh and salt water.
Mill City	Largest city on Highway 22 which is the major transportation route between the Willamette Valley and central Oregon. Also has locally owned mills throughout the north Santiam Canyon.
Myrtle Creek, Riddle and Canyonville	I-5 location and locally owned timber companies.
Oakridge	Only community on Highway 58 between Eugene-Springfield and Crescent Lake.
Springfield	Mill town in a metropolitan area with additional strong retail potential.
Sweet Home	Highway 20 gateway to National Forest and ski area for the mid Willamette Valley.

Capitalizing On Strengths

Historically, most of Oregon's mill towns have relied on abundant timber resources and the resulting forest and mill jobs as the sole or primary basis for their economic

livelihood as well as for their local social institutions. As noted, timber resources will remain a significant economic strength for future, but will be of less importance for at least the short-term.

Consequently for the immediate future, it becomes more important to place greater emphasis on other strengths which have not been as well recognized or developed to date. Part of the challenge is to assure that short-term actions will not undermine the ability to again capitalize on long-term strengths of timber availability, lumber, paper and secondary wood products production -- as supply and market conditions together with changing technology combine to present new opportunities in the future.

WEAKNESSES

Counterbalanced against their competitive strengths, Oregon's mill communities share a number of *weaknesses*. If unchecked, these weaknesses will continue to undermine efforts towards strengthening and diversifying local economies.

Identifying Weaknesses

Ten specific weaknesses are shared by most if not all of the transition communities:

1. *Many of the SWOT communities are relatively isolated from centers of urban economic activity.*

Oregon's population and economic growth is currently concentrated on the I-5 corridor and in central Oregon. Communities that are located off the I-5 corridor are at a significant disadvantage in attracting new business investment, particularly industrial development.

Two of the SWOT communities -- Myrtle Creek/Riddle/Canyonville and Springfield are located on I-5. It is no coincidence communities on the I-5 corridor such as Springfield and Roseburg (which is close to Myrtle Creek) have been experiencing significant new industrial and/or commercial investment.

The communities of Myrtle Creek, Riddle and Canyonville have not yet experienced the same level of investment activity as nearby Roseburg. In part, this is due to a lack of suitable industrial sites in these communities, and in part to their smaller size.

In addition, Lebanon and Harrisburg are both located close enough to I-5 that they can promote their proximity together with a large inventory of available industrial sites. Both communities are now beginning to attract industrial development.

One limitation of isolation is the difficulty in attracting major industrial investment. The other limitation is the problem of attracting key professionals, such as doctors, dentists, and managerial talent. For some professionals, the rural lifestyle is viewed as being simply too slow or the economic rewards too low to be attractive as a place to work or raise a family.

2. *Local economic potentials are also often affected by deficiencies in the transportation network.*

These deficiencies can take a number of forms, depending upon the community. Transportation problems are compounded by the relative isolation of some communities.

Highway access is cited as a problem for communities such as Lebanon, Sweet Home, Coos Bay/North Bend, Coquille/Myrtle Point, Butte Falls, and Brookings-Harbor/Gold Beach/Port Orford. Access Oregon improvements have

been of significant benefit for a number of these communities. Improving roadways to a 55 mile per hour standard together with adequate passing lane . can make a big difference in removing the perception if not the reality of poor highway access.

A related problem for many communities has been the curtailment of rail service and deemphasis of rail versus trucking. As rail lines have been abandoned or service curtailed, industrial companies have placed a greater premium on locating either on major interstate freeway corridors or on railroad main lines. For Oregon, both circumstances tend to point to locations on the I-5 corridor.

A lack of air service is also a limitation for some communities, especially those located on the south Oregon coast. Finally, maritime access remains limited for the Coos Bay/North Bend area because of lack of regular steamship calls and a need for further dredging of the Coos Bay harbor or relocation of major terminals to the *north spit*.

3. *Ready to build marketable industrial sites are simply not available in most of Oregon's mill towns for expanding or new operations.*

The most promising exceptions are currently Lebanon and Harrisburg which are benefitting from some success in recruiting new industry. Even these two communities require additional investment in infrastructure before some sites are truly *ready to build*.

Ready to build sites are those which are appropriately zoned, suitable for the use intended, and available for sale or lease.

While Goal 9 of Oregon's land use planning for the *Economy of the State* requires provision of adequate commercial and industrial sites, it has been difficult for many of the SWOT communities to identify and designate suitable sites because of lack of staff expertise and the rapidly changing character of rural economies.

Suitable properties are those that have adequate transportation access, water and sewer service, are flood free, and without drainage or fill needs. Suitability also means that the sites can accommodate the requirements of the types of industrial uses that might be most attracted to the community -- that is, those uses for which the community is likely to be most competitive.

The types of sites that are most *marketable* also are not necessarily those which one typically associates with *smokestack industry*. Some of Oregon's mill towns may be competitive for larger industries which have significant payrolls or require resolution of significant environmental issues. The proposed Daishowa pulp mill in the Coos Bay/North Bend area is an example of what might be considered a traditional industry. However, even this plant does not totally fit the stereotype -- it will use state of the art emission equipment and employ a dioxin free process.

Some of the SWOT communities may be attractive over the long term for new primary wood products companies. However, the impact of timber supply curtailments is likely to reduce opportunities for major new plant investment until public timber supply uncertainties are better resolved or private lands are available for increased harvest. For example, significant increases in private harvests on the *south coast* are expected after the turn of the century.

For the decade of the 1990's, the most promising industrial opportunities for Oregon's SWOT communities will not be large traditional *smokestack industries*, but rather will be focused on small and often independent manufacturers. Some may employ 20-50 -- in industries ranging from secondary wood products to mail order services to equipment fabrication.

Other industries will be yet smaller entrepreneurial ventures -- ranging from hand crafts to organic food products to high value specialty manufactured products to desktop publishing and computer software services. These operations can range in size from a sole proprietor working out of a garage to fledgling companies with a small but growing number of employees. The ability to accommodate these more diverse types of manufacturing and service-industrial uses has been overlooked in most of Oregon's transition communities.

There appear to be several reasons for the relative lack of suitable industrial sites. One is that industrial sites have often been selected on the basis of what was suitable in the past for major lumber mills. Mill sites were often located in low-lying floodplain areas that would be bypassed for other uses. With today's floodplain and wetland regulations, development in these areas is simply no longer feasible in most cases leaving many communities with few or no ready to build, marketable sites.

A second problem has been the difficulty of securing funding to provide necessary infrastructure. In some communities, significant acreage has been designated for industrial use, but very little or none may be served with water, sewer or street improvements. While state funding is available to assist in providing infrastructure, there is a *chicken and egg* problem. The companies will not come unless the infrastructure is already in place. However, funding will not be committed unless an industry is first willing to locate in the area.

Finally, it is noteworthy that the industrial development business has changed significantly in the 1980s. Communities in Oregon and throughout the U.S. now compete very aggressively to attract industries. Companies have learned that they no longer have the luxury or the need to wait six months or a year for site approvals and provision of water, sewer and street access. There is much greater emphasis on securing sites that are available for immediate building or occupancy.

One other facet of this problem bears mention. Many companies, especially small firms, are looking for available building space to purchase or lease rather than raw land on which to build a plant. Most of Oregon's mill communities have very little

available building space suitable for immediate occupancy, especially quality multi-tenant space. The market has simply been *too soft* to draw in developers, especially on a speculative basis.

4. *The transition of the rural area labor force to the diverse requirements of a fast paced, increasingly competitive and sophisticated work place appears to be occurring, but with mixed results.*

The observations generated through the SWOT analyses consists more of anecdotal information rather than quantifiable statistical data. However, two seemingly contradictory forces seem to be at work.

On the one hand, there are signs that both young and older workers are taking steps to find new jobs or train for new careers. In some communities, there is a reported reluctance on the part of younger workers to view mill jobs as a viable long-term career. There is greater resistance to take a job that may be good paying but of short duration. And some workers are willing to sacrifice now to begin re-training for a new career even though it is likely to be in a lower paying occupation.

On the other hand, there seem to be those who are clearly being left behind by the change in local occupational opportunities. Despite recognizing that timber will never again dominate as it has in the past, old work traditions die hard. Some of those who have grown up in a mill town may find it difficult to accept the idea that change is inevitable and to place value on education and the training needed to compete in the changing statewide and national economy.

It is also noteworthy that many of the major employers in these communities are finding it increasingly difficult to find qualified labor from their immediate area. For example in Mill City, wood products firms tend to draw a labor force from as far as Stayton and Salem.

5. *Communities which once served as major retail centers are now experiencing significant sales leakage.*

Like other business activities, retailing has become increasingly competitive. In the last few years, the Pacific Northwest has witnessed the influx of a number of new retail operators -- especially discount chains -- and the accompanying development of additional shopping malls even in smaller communities. The effect on independent retailers in small communities has in many cases been devastating.

Local consumers are increasingly willing to get in their cars and drive up to an hour (or more) away to a major regional mall, both to hunt for bargains and as a form of entertainment or recreation. The resulting *sales leakage* does not end with small communities. Coquille residents leave town to shop in Coos Bay. Coos Bay residents leave town to shop in Eugene-Springfield. Eugene-Springfield residents will leave their metro area to shop in Portland. And Portland residents shop in Seattle or San Francisco.

Compounding the problem of greater consumer mobility is the fact that many independent merchants have had neither the inclination, time or financial resources to successfully adapt to modern retailing merchandising management and advertising practices.

6. *Quality and funding of education is a major source of contention in the SWOT communities.*

A number of the SWOT communities have been in the Oregon *safety net*. Even those which have successfully passed levies find it increasingly difficult to fund quality programs and to find consensus about the direction of education.

Harrisburg is a community that stands as an exception. It has an innovative school system that has reduced drop-out rates significantly, and from which a large percentage of students continue their education beyond high school. On the other hand, in communities such as Coos Bay and Cave Junction, concern over schools has lead some families to move out of the community due to concerns about their children's education.

Many of the local school authorities note that there has been significant change in the attitudes and composition of the student population in recent years. There is much greater turnover during the year, more students come from dysfunctional families, and there is less social cohesiveness among the student population.

In virtually every community, comments were made about the need for a state legislative solution to the school funding crisis. A well funded, stable, quality K-12 education system is perceived both by local leaders and businesses as being of increasing importance for new residents and for companies looking for new locations.

7. *Medical and social services are disappearing even as demand for these services increases.*

One of the anomalies of the retiree influx into Oregon's rural communities is that this comes precisely at a time when local hospitals are closing and it is becoming increasingly difficult to attract qualified doctors and other health service professionals. This is a potential *time bomb* posing major policy questions as the retiree population becomes a greater proportion of rural communities requiring ever more in the way of community and social services as they get older.

8. *The visual image and appearance of many of Oregon's mill towns is not conducive to a spirit of confidence and economic renewal.*

The visual character and image of a community is usually established by its *front door*, that is, the main highway through town. And it is at the *front door* where Oregon's mill towns exhibit the most deterioration.

The appearance that the casual visitor as well as the long time resident receives is often one of abandoned or deteriorating mill properties, poorly maintained highways, cluttered signage, empty or broken down storefronts, and vacant or underutilized properties. What the visitor does not realize is that once you leave the main highway, many of these communities have attractive residential areas, parks and other points of interest.

Refurbishing the community's *front door* can be an important ingredient to establishing the confidence needed both for locals and outside parties to make further investments in residential, industrial, commercial and service facilities.

9. *Local resources and capacity are often limited in Oregon's mill towns.*

Leaders in many of the communities are quite candid about their lack of technical expertise, and their limited knowledge of funding or other opportunities that may be available. A second major problem is simply a lack of local funds that can be reserved for major capital improvements.

A third limitation is the lack of paid local staff necessary to undertake an aggressive economic development program. Some SWOT communities have not been involved in any substantive economic development efforts in recent years.

Others are served by county-wide or regional economic development organizations. However, it is difficult for local mill town needs and objectives to receive high priority when there are better and more immediate opportunities available elsewhere in the area that is served by the county-wide or regional organization.

A number of the smaller communities have formed volunteer groups through the City, Chamber of Commerce or other organizations to address economic development. Pacific Power has played a significant role in several communities in helping to organize these efforts. However, long term continuity without staffing is, at best, uncertain.

Only a handful of the larger SWOT communities have staffed economic development programs underway. Examples are Lebanon, Coos Bay/North Bend and Springfield. These staffed programs have proved to be instrumental in providing local leadership and implementation capability.

10. *Virtually all of Oregon's mill towns are facing major issues of leadership and consensus building.*

Changes in the local economy due to restructuring of the wood products industry have been new and troubling issues to face. Leadership has not been at issue when a community has been able to rely for years on one or two major employers, both for economic stability and as a source of community leaders. That is no longer the case. Oregon's mill towns are being forced to find new ways to forge their own economic independence and identity.

Traditionally, most of the SWOT communities have also had little problem with establishing consensus on major local issues. With a handful of employers providing economic and social stability for the community, residents tended to share similar values and objectives. However, that consensus is clearly breaking down and has often been difficult to re-establish.

Disagreements are of two types. The first stems from common objectives in support of diversification but disagreement over the most appropriate means and roles of organizations to successfully achieve economic development.

A second and perhaps more troubling phenomenon is disagreement over fundamental goals of the community. For example, the historic consensus that lumber mills and associated forest practices were inherently good has clearly broken down in many communities as environmental, recreational, no-growth and tax base issues have come to the fore.

New residents, whether retirees or younger professional families, often bring different values. They may be more interested in environmental protection, recreation enhancement, and are sometimes perceived as being less interested in promoting more development or expanded local school funding.

Addressing Weaknesses

In all of the SWOT communities, this *laundry list* of weaknesses is not unchangeable. Rather, much could be remedied. Perhaps the only item a community can do little about, at least in the short-term, is its relative isolation from the larger population and economic centers of Oregon.

Virtually all of the other weaknesses can be addressed, especially if local consensus and partnerships can be established. There is also a clear role that the state of Oregon and federal agencies can play in working with local communities to remedy or mitigate their weaknesses.

OPPORTUNITIES

Oregon's mill towns are fortunate in that all have some opportunities for economic development and diversification. Of the SWOT analyses conducted to date, none would indicate that a town is irrevocably destined to collapse or slowly wither away.

One of the SWOT objectives has been to help identify which opportunities are most appropriate for a particular community. In many cases, the thinking has been that the community pursues one opportunity at the possible expense of another. The approach taken by the SWOTs is to identify not only individual opportunities but also the potential for different opportunities to be mutually reinforcing.

Some potentials may take longer to materialize than others. However, in all cases initial steps could be taken to address many of the opportunities fairly quickly.

The opportunities which are available for Oregon's mill communities are listed in rough priority from most immediate to those which require longer term efforts as: retirees; tourism and recreation; housing; cottage industry; secondary and value added wood products; retail development; and services. Each of these opportunities is addressed in turn.

A. Retirees

The economic crisis for Oregon's transition communities would probably be much worse than it is today if it were not for the significant influx of retirees that has materialized in the last one to two years. Even in communities where there have been major mill closures or curtailments, local real estate markets have generally been stable or even improving.

In the past two years, retirees have been drawn, particularly from California, into virtually all of the mill towns that participated in the SWOT analyses. They are drawn to Oregon by the low cost of living and by the opportunity for a slower paced, recreation oriented lifestyle.

This opportunity may prove to be a *double-edged sword*, stabilizing local economies and real estate markets in the short run, but creating long-term social service requirements. In communities like Cave Junction and Oakridge, provision of medical care, congregate care and other services to seniors is emerging as a growing local need. Local housing prices may begin to appreciate faster displacing some local lower income individuals. And there are concerns about the ability to fund local school levies.

In any event, the trend of retiree in-migration is likely to continue for the foreseeable future. *Ebbs and flows* may be experienced in conjunction with national and regional economic cycles, but the growing number of retirees nationally and desire to avoid urban problems will continue to make rural areas an attractive alternative.

B. Tourism And Recreation

Every one of the SWOT communities has recreational attractions which each believes could be further developed or promoted. At the same time, tourism should not be considered as the only form of economic diversification for most of the SWOT communities.

Tourism jobs are not direct replacements for *family wage* mill jobs. Average wages tend to be lower, and more of the jobs are seasonal and part time positions.

However, tourism and recreation industries can become important components of a local diversification program. Part time jobs fit well with the lifestyle demands of a growing portion of the local labor force -- such as students, some working parents and retirees. The industry also remains dominated by small firms -- providing entrepreneurship opportunities.

One of the challenges for the communities individually and collectively is to develop *unique niches* thereby minimizing competition with other communities offering similar amenities. There is legitimate concern that despite the tourism growth occurring throughout Oregon, there simply may not be enough visitors to go around -- in order to make a substantial difference in all of Oregon's transition communities.

Many of Oregon's mill towns emphasize their hunting and fishing attributes. Yet this comes at a time of acknowledged limitations on the supply and quality of fish or game that may be available. It has also been difficult, in the context of looking at individual communities during the SWOT visits to objectively ascertain which have the strongest potentials for these types of recreational activities.

For the 1990s and beyond, the aging of the American population will tend to favor more passive recreation oriented sports. The increasing disposable income of retirees combined with the sheer number of *baby boomers* who now have families will support opportunities for quieter, slower paced and family oriented recreational attractions. Rural communities have the potential to become a more competitive part of this market, especially if they can promote themselves cooperatively and aggressively.

To be competitive, Oregon's transition communities also need to be realistic about the current or potential appeal of their attractions to outsiders. It is particularly important to distinguish between capturing *pass-through* traffic on the way to somewhere else, versus the opportunity to develop as a major *destination*.

Different strategies are suitable for each situation. For communities which do not have the potential to develop as major destinations, increased *pass-through* business can still be realized by marketing as a part of regional or statewide efforts, and by greater attention to better quality products, responsive customer service and community image improvements.

A greater focus on tourism potentials can provide the impetus for local clean-up, beautification and revitalization programs. These improvements offer a double benefit -- enhancing the community's attractiveness to visitors and an enhanced, improved self-image.

The *front door* to most of Oregon's mill towns is the highway -- which carries both local and visitor traffic. While clean-up efforts will not generate significant employment in and of themselves, they can *set the stage* for future investment in tourism, local retail and even industrial investments.

C. Housing

Coincident with the retiree influx has been a shrinking of the available inventory of vacant, rental and owner occupied homes. This has been the case in all of the SWOT communities visited. It testifies to the strength of the Oregon *comeback* that has swept through both metropolitan centers and rural Oregon.

The results should be renewed opportunity for construction of rental housing and single family housing. Single family housing could be focused on serving the retiree and professional markets. Rental housing should be focused on better serving the needs of lower income individuals. Congregate care and other retirement housing with medical services also represent major growth opportunities.

Developers may be reluctant to take on major projects of a speculative nature because of the degree to which they were *burned* in the early to mid-1980s by the prolonged economic downturn. Consequently, projects that can be expected will be relatively small. However, local lenders and builders should be encouraged in the creation of additional housing opportunities.

D. Cottage Industry

In Oregon's mill towns, the *cottage industry* phenomenon has gone largely unnoticed although it exists to a greater or lesser degree in most of these communities. One reason for lack of attention has been the view that many cottage industries are hobby businesses and therefore not relied on as a primary source of income for a family wage earner. Another reason is simply that some businesses deliberately *go underground*, whether to avoid paying taxes or to avoid high overhead costs associated with a more traditional business location.

An opportunity for the future is to encourage those entrepreneurs and hobbyists that have the interest and inclination to expand their horizons and to create family wage jobs out of what may have started as a hobby or out of short-term economic necessity. Because the mill towns are relatively isolated, these opportunities could be enhanced if marketing and financing support were provided to these would-be entrepreneurs.

E. Secondary And Value Added Wood Products

The recent Mater Engineering report points out the potential for secondary wood products in Oregon. The report has specifically recommended the following secondary wood products as manufacturing opportunities:

Standard Products:

- Window frames
- Wood molding for the do-it-yourself market
- Pre-fabricated housing and components
- Furniture components

Structural wood members:

- Glue-lam beams; trusses

Niche products:

- Chop sticks
- Tongue depressors
- Popsicle sticks

It is important to be realistic about which opportunities are most appropriate for different Oregon mill towns. Larger manufacturers are going to be heavily attracted to locations that are on or close to the I-5 corridor. Communities such as Springfield, Harrisburg, Lebanon, Myrtle Creek, Riddle and Canyonville all have an advantage for securing the corporate operations.

The other side of the secondary wood products opportunity is to focus on specialized niche products for cottage industry. There are already a number of secondary manufacturers plus there are craftspersons using wood. Those who have worked in mills are trained in various aspects of woodworking. Capturing this talent and identifying marketable business applications is part of the challenge.

Cottage industry *niche products* may be more suitable for some of the small towns that are located away from the I-5 corridor. There are small companies that have experienced success. One example is provided by the companies that make products of Port Orford cedar along the southern Oregon coast.

F. Retail Development

In Oregon as throughout the nation, small towns are finding it possible to maintain viable downtowns and retail shopping environments -- if they are prepared to transition towards better meeting the needs and desires of the modern consumer. There are three types of retail markets that a local store may cater to. These are:

Comparison Shopping. The days when every town had a J.C. Penney store are gone. Increasingly, residents of small towns are willing to drive to a large regional shopping center or discount mall to shop for comparison items such as clothing, furniture and appliances on the basis of wide variety and competitive pricing. This is no longer a viable opportunity for most small communities serving a local market of less than about 10,000 population.

Convenience Shopping. The stores that are surviving and in some cases thriving in small towns are those that do a good job catering to the day-to-day convenience needs of the local population. Examples are groceries, restaurants, pharmacies and hardware stores. Some stores have aspects of both convenience and comparison shopping. Small town stores can be most successful by emphasizing convenience and service rather than trying to compete solely on price and variety. For example, a small town hardware store should stock items frequently needed for emergency home repairs, realizing that the customer may go out of town for the *big ticket* discretionary items.

Destination Shopping. This is a new form of retailing that offers exciting opportunities for small towns throughout America. If local residents are leaving to go to the big city, then big city residents are becoming equally fascinated with shopping in small towns as part of weekend getaways or longer family vacations. Developing a visitor business can occur in either of two ways: capture of *pass-through* traffic or creation of a regional reputation for *destination* shopping.

The most successful small town retailers will be those that can find ways to cater to both the convenience needs of the local population and begin to develop a specialty destination reputation. For example, a local restaurant can serve an in-town clientele for their day-to-day business support. By also catering to visitors, they can draw in additional evening and peak season business.

Other examples of stores that have successfully shown the ability to cater to both local and nonlocal markets include small apparel shops, antique dealers, general stores, groceries, and services such as theaters and art galleries.

G. Services

Rural communities are typically under-represented in service businesses compared to their metropolitan counterparts. Yet the service sector is the most rapidly growing form of employment in both rural and urban America.

While rural communities can be expected to lag their urban counterparts due to smaller markets and less need for some specialties, there are nonetheless a number of opportunities that may be available in some communities. These include:

Services to the growing retiree population, ranging from financial to medical to congregate care services.

Business services to support local entrepreneurs and industries ranging from bookkeeping and accounting to computer repair to advertising and marketing.

Attraction of *footloose* service companies that are not bound to any one particular geographic market. Examples would include mail order firms, consultants, and telemarketing services. By using modern electronic communications, these types of companies can locate virtually anywhere. Those that locate in small communities will be drawn by the perceived lifestyle advantages of living in a rural rather than urban area.

Services that cover a wider market area. Increasingly, rural area service businesses are finding that they must serve not only their local community but a wider multi-community market area. For example, service businesses in Coos Bay might serve the entire *south coast* area. Harrisburg offers a potentially central location for firms that could serve both the Corvallis-Albany and Eugene-Springfield markets. Types of businesses can range from specialized insurance brokers to printing and desktop publishing.

Before investing, the prospective business should carefully inventory existing service providers in the area to avoid entry into an already well-served market. While most rural markets tend to be under-served, the prospective entrepreneur also needs to ascertain if there is enough potential business volume in a small community or multi-community market to support a financially viable operation.

THREATS

Approximately one-half of the SWOT communities face the *threat* of additional mill closures or significant curtailments in the next several years. These communities include Butte Falls, Coquille/Myrtle Point, Mapleton, Mill City, Myrtle Creek/Canyonville/Riddle, Sweet Home and Springfield.

In other SWOT communities there appear to be few if any *immediate* threats that would result in additional major job layoffs or business closures in the near term future. Many of the major curtailments have already occurred.

Prospects of further employment reductions in forest products industries create uncertainty that limits local options for business investment both short and long-term. While there are definite immediate concerns, the underlying threats to the economic diversification and development of Oregon's mill towns appear to be more *long-term* in nature. They are identified as follows:

A. Continued Decline and Restructuring Of Wood Products Industries

Locally owned mills are vulnerable to federal timber supply restrictions because they have less opportunity to balance supply shortages in one area by purchasing elsewhere. Despite what is often a stronger commitment to the local community, continued uncertainty and lack of supply is likely to cause further curtailments. Communities that are particularly vulnerable as a result include Mill City, the Myrtle Creek, Riddle and Canyonville areas, and possibly Cave Junction.

Mills that are part of corporate operations are also vulnerable because of the continuing tendency to centralize operations and emphasize areas where private timberlands represent a larger share of the total resource supply. Communities like Sweet Home, Springfield and Coquille/Myrtle Point are vulnerable to cutbacks by corporate owners adjusting their operations to become more efficient and reduce their vulnerability to federal timber supply.

It would appear that many of the SWOT communities have begun to anticipate and already *discounted* the potential effect of further curtailments in the wood products industries. They are beginning to make plans predicated on assumptions of reduced or less stable forest products related employment. Nonetheless, additional major mill closures could have a significant effect in some communities still heavily reliant on mill jobs.

B. Educational Constraints And Youth Out-Migration

Oregon's educational funding crisis has especially severe ramifications for Oregon's rural communities. It further stimulates the flight of youth out of communities, many of whom never return. It also shakes confidence by local businesses, potential investors and families in making long-term commitments to communities that have found it difficult to decide whether to invest in themselves.

Quality of education can also be affected by both the small size and limited funding base of rural school districts. Smaller districts find it more difficult to offer the breadth of courses available in a larger urban district.

In a number of the SWOT communities, there appear to be gaps in some critical work-related training programs -- in some cases vocational education, in others business education. Almost paradoxically, local districts seem to be able to focus more successfully on college preparatory programs for the more able students than on work-readiness programs that are in tune with current employer requirements for those not as likely to continue their education.

C. Community Inaction

It would appear that *individuals* in the SWOT communities have often been faster to react and respond to changed economic conditions than are the *communities* themselves. As noted, it has been difficult for many of the communities to develop the consensus around an economic game plan as a common direction for the future. Communities have tended to wait until the mill closure occurs to act rather than acting in anticipation of what might happen. This is the difference between being *reactive* and *pro-active*.

For the smaller communities, local leadership lacks the experience or expertise in economic development needed to develop a vision and practical action plan for diversification. Lack of professional economic development staff also makes it more difficult to be aware of grant funding opportunities and to respond adequately to development opportunities that do arise.

The larger communities have also found it difficult to *chart a new course*, despite having professional staff with considerable technical sophistication. Here problems appear to be of two types. In the Coos Bay/North Bend area, the sheer number of economic development organizations -- each with differing interests and capabilities -- find less resistance in maintaining previously agreed upon divisions of responsibility rather than working cooperatively to address changing economic and political circumstances.

The second obstacle for Coos Bay/North Bend as well as for Lebanon and Springfield is that the interests of economic development organizations are not fully shared by the community at large. Frustration is evident in the struggle to shape a vision for the area's economic future that reflects community consensus.

This frustration has very tangible effects on diversification opportunities which include: lack of voter support, difficulty in obtaining approvals for major projects, and inability to fund needed infrastructure.

To the extent that communities can re-position themselves to anticipate and shape future events, they will begin to be much more in control of their own destiny.

D. Lack Of Consensus

The job of building consensus even in the small mill towns has become more difficult than it has perhaps ever been. There are more interests to contend with and the technical issues are more difficult to easily resolve. Yet without some level of consensus, it will be difficult for communities to make significant headway on some of the major issues that face them, whether these are related to funding for infrastructure, designation of industrial sites, marketing or other development activities.

E. Absence Of Pro-Active State And Federal Role

It has been difficult for state and federal agencies to be supportive or identify ways in which they can become partners with local communities in making the economic transition that is currently underway. State and federal agencies are similarly frustrated in their response when they sense that local communities are not sure of their own direction.

Unfortunately, state and federal agencies have often been viewed as being the *enemy* rather than potential *partners* in creating economic opportunity. This is partly due to what becomes an adversarial state and federal versus local role in issues such as spotted owl, forest management plans, land-use planning, funding priorities for state transportation projects, development of parks, and provision of infrastructure for future industrial development.

POLICY IMPLICATIONS

From this review of the SWOT analyses conducted for thirteen transition communities in southern and western Oregon, there are several policy implications that emerge for the state of Oregon and its economic development program:

A. Partnerships

Through its *Community Initiatives Program*, the State of Oregon has begun to work towards defining potential partnership roles with local communities. However, these new linkages are still very preliminary and often tenuous in nature. The vision of the state of Oregon and individual communities working together is also one that is not necessarily shared by all state agencies and programs. With some programs, the state is still viewed with suspicion rather than as a partner.

Consequently, the first policy decision to be addressed is whether the state of Oregon is prepared to develop and implement a comprehensive, consistent rural policy to encourage rural economic *diversification* and *opportunity*.

Diversification means the introduction or strengthening of economic activities that are under-represented locally, but for which the community offers a potential competitive advantage.

Opportunity implies the ability to take better advantage of both current and potential competitive strengths. One perception shared by the SWOT communities is that their range of realistic opportunities is being narrowed rather than enlarged. This is illustrated by the trade-off between environmental protection versus resource and recreation-based industry.

From the local community perspective, partnership with the state (and federal agencies) will be attractive to the extent that it offers new opportunities in exchange for the loss of timber as an economic mainstay.

B. Infrastructure Investment

All of the SWOT communities face significant limitations in securing local or state funding to provide infrastructure that is needed for industrial or other development. Economic development funding programs have been oriented to providing funds for communities where industries are prepared to make commitments.

This approach works well in urban areas where there is a basic level of infrastructure already in place and there is enough market activity to generate a base level private investment interest. It does not work as well in rural areas where the traditional economic mainstays are no longer the main source of economic opportunity and there is virtually no infrastructure in place that is suitable for a more diversified industrial or service business base.

An analogy may be drawn between the financing needs of small start-up businesses versus established businesses. The critical need in small businesses is for *seed capital* that is often more speculative in nature -- where there is less guarantee of an assured return.

Similarly, in small communities it may be appropriate to examine whether state programs should be altered to provide some level of infrastructure funding in advance of private developments actually occurring. These infrastructure investments, however, can set the stage by providing sites that are suitable, marketable and *ready to build*.

C. Local Versus Countywide Strategies

The *Community Initiatives Program* is currently working at the county level and with individual communities. It has become apparent that county interests may or may not coincide with local community interests. Part of the dilemma for the state is where to place its emphasis and provide resources that will provide the greatest return in terms of economic diversification and jobs created or saved.

It is also apparent that individual communities have opportunities and market niches that may differ from those of other communities even within the same county. Consequently, some level of continued community involvement and local capacity building appears to be warranted.

D. Networking

One of the limitations repeatedly mentioned, especially by the smaller communities, is the difficulty of securing access to technical resources, knowledge about how to recruit business or encourage local entrepreneurs, how to write grants, etc. This can be due both to lack of professional economic development staff at the local level and overworked staff at the county or multi-county level. One of the advantages that state or regional agencies can offer is technical resources and knowledge of what is occurring that is successful in other communities.

RECOMMENDATIONS

The final step in the SWOT process in each community has been to make *preliminary recommendations* for immediate action and to suggest how the local community and OEDD together might *follow-up* and support an *action agenda*. From this review of thirteen transition communities, there are a number of recommendations that are offered for consideration by OEDD and other state agencies.

Preliminary Recommendations

The following twelve recommendations are *preliminary*. They are intended as a basis for further discussion with OEDD, other state agencies and the state legislature.

As with the individual communities, we fully expect that these recommendations will be further modified and refined to best suit the needs and aspirations of local communities and the state of Oregon as a potential partner in rural economic diversification.

1. *Oregon should consider establishing a rural economic agenda with special emphasis on diversification of its transition communities.*

This rural agenda would include cooperative efforts between transition or resource-dependent communities and pertinent state agencies to establish goals and roles of appropriate agencies in assisting rural diversification -- both immediate and long-term actions.

2. *The state of Oregon should take a lead role to establish partnerships with state and federal agencies that affect and can play a role in support of rural economic diversification.*

Agencies that are especially important to involve include Oregon Department of Transportation, Parks, Department of Land Conservation and Development, and Department of Environmental Quality. Federal agencies that can play a significant role in the partnership include U.S. Forest Service, Bureau of Land Management, Corps of Engineers, Environmental Protection Agency, Economic Development Administration and Small Business Administration.

3. *The state needs to remain an active player to resolve issues of timber supply.*

From the community perspective, the key objective is to reduce the *uncertainty* about timber availability both short and long-term.

An on-going state role is important to help secure a future for small independent operators as well as corporate operations by providing more certainty as to short and long-term supply availability. A continued state role in identifying opportunities that are realistic and suited to the needs of individual communities for secondary wood products is also important.

4. *Infrastructure funding should be modified to support improvements that will make long-term diversification possible.*

Specifically, economic development programs should be modified to allow some infrastructure investments in advance of private commitments. Programs need to be limited and carefully monitored to avoid abuses and spending for public improvements that have no realistic way of stimulating significant private investment in a reasonable period of time.

5. *OEDD and DLCD should participate with local communities to assure adequate inventories of suitable, ready-to-build industrial and commercial sites.*

Despite recent administrative rules that place emphasis on assuring serviceable industrial and commercial sites, the comprehensive plans of many of Oregon's rural communities have not been revised adequately to meet the goal of assuring competitive sites. As noted, this is due in part to an inadequate understanding of the requirements for industry and commercial developments in an increasingly competitive and sophisticated international economy.

Part of the difficulty is also due to lack of adequate emphasis in state planning on assuring that sites are not only serviceable but suitable and, in effect, *ready to build*. And part is due to forecasts of minimal market growth or need for additional industrial/commercial land. Forecasts of no growth or slow growth do not provide adequate consideration of the need to replace mill jobs with a more diversified set of industrial and commercial business and job opportunities -- just to stay even.

One possibility might be to work with two or three communities on a pilot basis. DLCD, OEDD and the pilot communities would jointly undertake a work program to assess land inventories, competitive opportunities, site requirements and planning implications.

6. *Investments in local capacity building are needed.*

Local capacity for rural area economic development requires more attention to leadership development, professional staffing, and strategic planning. Achieving this capacity requires investment in human infrastructure -- from both the local community and outside sources.

These investments can occur in several ways. One is continued emphasis on leadership training for local elected business and civic leaders. Another is to identify ways of assisting and providing staffing support for local economic development and improvement organizations.

A related role for the state is to provide training and support in developing *strategic* economic development plans. By strategic, we mean plans that contain a realistic assessment of competitive strengths and weaknesses, that can identify realistic opportunities and that lead to an immediate as well as a long-term action agenda.

The goal of strategic planning is to position a community to be *pro-active* rather than simply *reactive* to economic change. With a strategic plan, a community can better anticipate external economic changes and then shape them to best local advantage.

7. *The state or regional organizations can play significant roles in providing market identification and marketing services for businesses in rural isolated communities.*

The types of activities for which state or regional economic development support might be useful include:

Inventories of small cottage businesses, their needs and interests.

Development of programs to provide common marketing and liaison for small companies that cannot afford extensive marketing efforts of their own.

8. *Support for local tourism development and marketing is warranted to assure that unique opportunities can be captured and that efforts of individual communities are effectively linked.*

A strategy for the transition communities of southern and western Oregon could be developed similar to that of the Oregon Tourism Alliance in northwest Oregon. The state can help to play a role in feasibility assessments and in encouraging projects that have economic opportunity while providing a reality check for those that are more speculative in nature.

A similar cooperative relationship is suggested for tourism marketing. This is already beginning to occur in some communities (e.g. Cave Junction, Sweet Home and Lebanon), but not yet in others. Statewide and regional marketing of attractions could begin to *include* attractions, shops and recreation activities available in Oregon's as yet undiscovered mill towns. This gives SWOT communities the chance to gain exposure as part of much broader and better funded regional and statewide programs.

9. *OEDD should evaluate the applicability of financing options available for rural business start-up and expansion.*

Programs of the U.S. Small Business Administration (SBA) are geared to businesses that are either credit-worthy or have sufficient collateral to assure repayment. Similarly, finance programs available through OEDD such as the Oregon Business Development Fund are aimed at business expansion by companies with an existing *track record*.

The greatest need in rural communities is for financial assistance to smaller entrepreneurial ventures in a *start-up* mode. Revamping state business finance programs to allow lending for the rural entrepreneurial ventures with a good product idea and a solid business plan will entail more risk. However, this strategy

also offers the most promising opportunity for stimulating rural economic development -- since recruitment of large industry is an even less certain proposition at least until the outlook for large resource-based industries improves.

10. *An assessment of dislocated mill and support industry workers in Oregon's transition communities is warranted.*

As noted, the anecdotal information received through the SWOT assessments indicates seemingly two contradictory trends. Some former mill workers appear to be making a rapid adjustment; others may become structurally unemployed or underemployed on a more permanent basis.

A detailed study documenting the extent of these trends and the reasons behind them could be instrumental in identifying appropriate policy responses. Programs of job training providers, community colleges and employment agencies could benefit from this information.

11. *Statewide legislative solutions to the school funding crisis are especially important for rural economic diversification.*

Obviously, school funding problems go well beyond the needs of rural Oregon alone. However, this analysis supports the need for a continued emphasis on identifying and securing a long-term funding solution -- as a key ingredient to the successful transition and diversification of mill town economies.

12. *Finally, continued emphasis should be placed on alternatives for improving health and social services to rural communities, both to elderly and low income populations.*

Both public policy and private options for improved services should be explored. The tradeoffs between encouraging types of growth that can not be effectively served versus funding services that may create an imbalance in the composition of rural area populations deserve careful and comprehensive consideration.

Follow-Up

A prerequisite to getting underway for the SWOT communities has been the recommendation to form a short-term Community Response Team (CRT). The CRT is organized to involve all key local economic development interests. It formulates an action plan and works to assign implementation responsibilities.

For the state, a similar approach is suggested. That is, a panel representing affected divisions of Oregon Economic Development Department, other state agencies and the legislature together with pertinent federal agencies such as the U.S. Forest Service could be organized for a 90-120 day time period to review these findings and recommendations and to develop a common *game plan* in support of rural economic diversification for Oregon's transition communities.

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Oregon DISLOCATED WORKER PROGRAM

Report to the
Workforce Quality Council
and the
67th Legislative Assembly

JANUARY, 1993

Prepared by

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OFFICE OF COMMUNITY COLLEGE SERVICES

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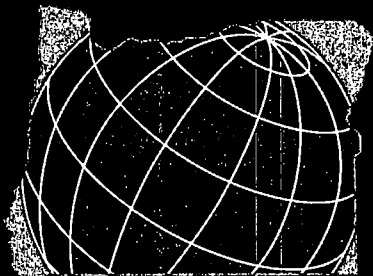
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JANUARY 1993

THE BOTTOM LINE

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