



A VISION FOR **ECONOMIC SUCCESS**

STRATEGIES FOR JOB CREATION IN THE SALEM AREA

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Summary of Proposals

Specific Development Projects

- Develop the Mill Creek Site for Industrial Use.
- Build a Downtown Conference Center.
- Implement Downtown Redevelopment Projects.
- Develop the Oregon State Fairgrounds.

Transportation

- Increase Oregon's Share of Federal Highway Funds.
- Build a Third Willamette Bridge.
- Modernize Highway 22.
- Build an Interchange at Highway 22 and Kuebler.
- Widen Interstate 5.
- Deepen the Columbia River Channel.

Public Safety

- Continue the Fight Against Methamphetamine.
- Make Progress Against Identity Theft.
- Continue Funding for COPS.

Education & Workforce Development

- Provide Schools Adequate, Long-term, Stable Funding.
- Fully Fund IDEA.
- Provide Money to Modernize Schools.
- Fund Worker Training Programs.

Energy

- Maintain BPA as a Northwest Resource.
- Hold Down Electricity Rate Increases.
- Protect Salem's Interests in PGE.

Tourism

- Increase Tourism Promotion.
- Continue Development of the Oregon Garden.
- Improve Use of the Willamette River.

- AgriculturePromote Specialty Crops.
- Support Value-Added Agriculture.
- Promote Exports of Oregon Agricultural Products.
- Promote Oregon Agricultural Products At Home.
- Fund Agricultural Research.

Additional Proposals

- Reduce Water and Sewer Rate Increases.
- Redevelop Brownfields.
- Increase Federal Portion of Medicaid Money.
- Extend Unemployment Benefits.
- Facilitate Willamette University's Campus Expansion and Integration Into the Community.

Introduction

With the Salem area's unemployment rate hovering around 8% for the past year, it is clear that decisive action must be taken to create jobs and restore the economy. Nearly three years of economic stagnation have led to business failures and plant closures that have cost thousands of Salem area residents their jobs. The continuing economic downturn that has afflicted our state more than any other in the nation requires leadership by government officials at all levels. Partnerships must be formed between the government, the business sector, and community leaders to seek ways we can work together to build a better economy. In that spirit, this report outlines strategies to improve the short-term and long-term economic health of the Salem metropolitan area.

The authors recognize that government doesn't create jobs; private sector businesses do. While government can harm the economy through ill-advised policies, it can also take actions that help create jobs and set the economy on a path of stability and growth. The strategies outlined here are designed with that in mind and strive to let businesses grow and prosper by giving them a helping hand.

We focus on strategic investments in a number of crucial areas that form the foundation of both a strong economy and a livable community, including education, transportation and infrastructure, energy, and public safety. Quality schools and job training opportunities for workers will create a skilled workforce, help maintain property values, and retain and attract businesses to our community. A strong public safety system allows our citizens and businesses to operate without fear and prevents losses due to crime. Transportation infrastructure helps move goods to and from the market and gives our citizens the ability to commute to work safely and quickly. Stable and low-cost energy literally fuels the economy's growth.

We believe that the best way to create jobs and stimulate the economy is to bring people together. This does not mean we will always agree on every issue, but it does mean that we must find areas of common ground and work together to achieve the goals on which we can agree. The authors of this report do not share party affiliation. Consequently, we sought to bridge the partisan gap by building a bipartisan consensus agenda. The end result makes this a non-partisan document that attempts to transcend differences in political ideology.

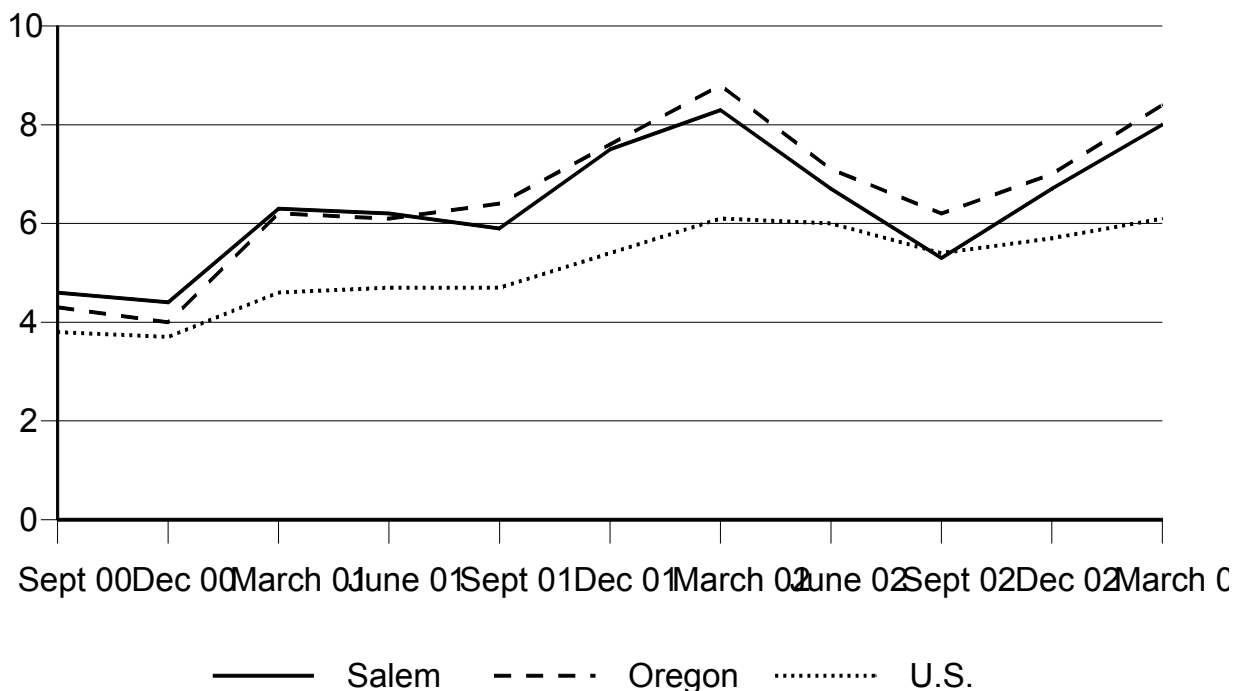
While this report does not constitute the official policy of any government, the authors intend it to demonstrate their commitment to work with others to make these proposals into reality. We view this blueprint as a starting point for discussion with regional stakeholders, and we seek to work with businesses, workers, community leaders, and government officials to refine and improve these strategies before implementing them.

Background

Oregon's economy continues to suffer under a major economic downturn. Over the past three years the state has often had the dubious distinction of having the highest unemployment rate in the nation, and that trend continues. While unemployment declined during most of 2002, leading many to believe that the state was heading toward a strong recovery, unemployment rates are edging back up. Oregon's unemployment rate in March was 8.4%, more than two points above the national average, and the Salem area's rate of 8% is only slightly behind the state as a whole. This left an estimated 14,235 residents of Marion and Polk counties without a job.

The Salem area lost 2,200 jobs between December 2000 and December 2002. Manufacturing, which represents just over 10% of jobs in the Salem area, has been especially hard hit by the economic downturn. Total manufacturing employment declined nearly 10% during this period, losing 1,300 jobs, more than half the total jobs lost in the Salem area. While many sectors of the economy have also suffered, others, such as trade, financial services, and services, have posted significant job gains.

Unemployment Rates



Source: Oregon Employment Department, Salem Metro Labor Trends," various dates, <http://www.qualityinfo.org/olmisi/PubReader?itemid=00000046&areacode=4155000014>.

Salem Area Nonfarm Employment, 2000-2002

Category	Dec. 2002	June 2002	Dec. 2001	June 2001	Dec. 2000	Change '00- '02
<i>Total Nonfarm Payroll Employment</i>	137,200	138,200	134,600	138,900	139,400	-2,200
<i>Manufacturing Total</i>	14,700	15,500	14,900	15,700	16,000	-1,300
Durable Goods	8,700	9,100	8,900	9,900	10,200	-1,500
Lumber & Wood	3,300	3,500	3,500	3,700	3,700	-400
Nondurable Goods	6,000	6,400	6,000	5,800	5,800	+200
Food Products	3,500	3,800	3,500	3,300	3,700	-200
<i>Nonmanufacturing Total</i>	122,500	122,700	121,500	123,200	123,400	-900
Construction	6,300	7,000	6,700	7,700	8,300	-2,000
Transportation	2,600	2,600	2,600	2,600	2,800	-200
Public Utilities	2,200	2,200	2,400	2,400	2,300	-100
Trade	30,200	29,700	29,800	29,600	29,700	+500
Wholesale Trade	3,800	4,000	3,900	4,300	4,200	-400
General Merchandise	3,600	3,300	3,600	3,200	3,700	-100
Food Stores	4,300	4,100	4,100	4,200	4,100	+200
Eating & Drinking Places	9,200	9,400	9,200	9,400	9,000	+200
Other Retail Stores	9,300	8,900	9,000	8,500	8,700	+600
Financial Services	7,200	7,100	6,900	6,700	6,700	+500
Service & Miscellaneous	34,100	33,600	33,000	33,500	33,400	+700
Business & Professional	6,100	6,200	6,000	6,600	6,900	-800
Health Services	10,400	10,200	10,100	9,900	9,900	+500
Other Services	17,600	17,200	16,900	17,000	16,600	+1,000
Government	39,700	40,200	39,800	40,400	39,900	-200
Federal	1,700	1,700	1,700	1,500	1,600	+100
State	19,100	19,200	19,000	19,500	19,200	-100
Local	18,900	19,300	19,100	19,400	19,100	-200

Source: Oregon Employment Department, "Salem Metro Labor Trends," various issue dates,

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<http://www.qualityinfo.org/olmisj/PubReader?itemid=00000046&areacode=4155000014>.

Despite the continuing high unemployment rate, the Salem area is actually gaining jobs. Between March 2002 and March 2003, Marion and Polk counties gained 1,900 nonfarm jobs, and the unemployment rate fell .3% over that year. However, this March differed from normal seasonal patterns in which unemployment rates decline significantly in February and March, as unemployment declined only slightly from January's level of 8.2%.

The Salem area's economy, which has a disproportionately large number of government workers (four out of the top five employers in both Marion and Polk counties are government entities), will continue to be affected by the budget cuts that will significantly reduce the number of workers employed by the state, Salem-Keizer School District, Marion County, and other governments. From March 2002 to March 2003, total government employment fell by 600 jobs, and these government workforce reductions will continue to drain money from the local economy.

Beyond government, Salem's economy also has a heavy dependence on agriculture. Farmers in Marion County, which produces the greatest value of agricultural goods each year of any county in the state, produced \$447.9 million in farm products in 2002. Unfortunately, this represents the third straight year in which the value of agricultural production in the county has declined; the county's farm production has dropped by 7% since 1999, draining more than \$20 million from the local economy. Food processors have been especially hard hit, as several major employers, including Chiquita, Smuckers, and AgriFrozen, have closed their doors, leaving hundreds of people in the Salem area out of work and making it more difficult for farmers to sell their crops. Food processors have been negatively impacted by rising water and sewer rates.

Specific Development Projects

Several development projects, including a large industrial site and conference center, will be key to economic growth in the Salem area. These projects will create additional jobs in Salem by bringing new firms to the area as well as improving business opportunities for existing companies.

Develop the Mill Creek Site for Industrial Use. Business and political leaders across the state have reached a consensus that attracting new businesses to the state and growing existing businesses will require increasing the supply of “shovel ready” industrial land. While projects are under review statewide, one of the best opportunities for industrial development lies within Salem’s urban growth boundary on surplus state land, known as Mill Creek. This 500 acre parcel could support significant industrial development that would bring thousands of jobs to the Salem area, but the city, state, and federal governments will need to partner to build the infrastructure necessary to allow for development, including water and sewer lines and transportation improvements.

Responsibility: City, State, Federal

Build a Downtown Conference Center. With no facility adequate to hold major conferences, Salem often misses out on opportunities to bring hundreds, even thousands, of people to town who will spend money at local businesses. The city is currently developing a conference center that will eliminate this facilities deficit and allow Salem to host major conferences.

Responsibility: City, Federal

Implement Downtown Redevelopment Projects. The City of Salem has established a downtown urban renewal district to finance improvements needed to revitalize the city’s core. Building a downtown conference center will be a centerpiece of this revitalization effort. The City of Salem has also dedicated millions of dollars for various urban renewal projects, including increasing the supply of downtown housing, which will bring more people to the city’s core. In addition, measures can be taken that encourage preservation and renovation of historic buildings, including tax credits for seismic retrofitting, a key element of rehabilitating older structures.

Responsibility: City, State, Federal

Develop the Oregon State Fairgrounds. The Oregon State Fair and Expo Center’s Master Plan calls for major improvements to this important site that will help draw tourists and other visitors to Salem. New and upgraded facilities, including a multi-purpose pavilion, will increase the fairgrounds’ capacity to host trade and consumer shows, athletic competitions, concerts and entertainment, retreats, and seminars.

Responsibility: State

Transportation

A strong economy rests on transportation infrastructure adequate to move goods and services between locations. Unfortunately, Oregon has underinvested in transportation as the state's population has increased significantly, leaving many of our major commercial routes over capacity and slowing the flow of goods and services. Securing the long-term economic health of the Salem area will require ensuring that transportation improvements are made that will prevent highways and roads from becoming so clogged that they impede commerce. Several transportation projects in the Salem area deserve special attention because of their potential to spur long-term economic growth in the region.

Increase Oregon's Share of Federal Highway Funds. Congress will be reauthorizing the nation's transportation funding legislation, the Transportation Equity Act for the 21st Century (TEA 21), this year. The formulas contained in this law determine the distribution of highway funds among the states. Oregon's congressional delegation will be working hard to change these formulas to increase Oregon's share of federal highway funds, as well as secure money to fix Oregon's numerous failing bridges.

Responsibility: State, Federal

Build a Third Willamette Bridge. Salem's two bridges over the Willamette have reached or exceeded their intended capacity, causing traffic jams that cost businesses time and money. Bridge traffic only continues to grow, and with continued growth forecast for this area, especially in West Salem, a third bridge is needed to provide additional access over the river, improve the movement of people and freight, relieve traffic congestion, and reduce public safety problems, including slow emergency service response times. Without an additional bridge built within the next decade, commerce between Marion and Polk counties will slow.

Responsibility: Local, State, Federal

Modernize Highway 22. While Highway 22 east of Salem was improved to enhance safety and speed travel between Salem and outlying towns, the stretch of Highway 22 west of Salem has not seen significant improvements. As traffic on Highway 22 has increased dramatically over the last decade, this has become among the most dangerous stretches of highway in the state, and commerce has been impeded. ODOT and Polk County have begun planning several interchanges at major intersections along this route that will enhance safety, eliminate bottlenecks, and facilitate commercial traffic between Salem and Polk County cities, as well as the Oregon coast.

Responsibility: Local, State, Federal

Build an Interchange at Highway 22 and Kuebler. As the State and City of Salem seek

to increase the supply of “shovel-ready” industrial land to bring additional jobs to the state, several hundred acres of surplus state property near the intersection of Highway 22 and Kuebler Boulevard have emerged as an outstanding opportunity for industrial development. In order to realize the full potential of this property, significant improvements must be made, including investment in transportation infrastructure that will allow commercial vehicles easy access to major regional transportation routes. Building an interchange at Kuebler and Highway 22 will facilitate this commercial development by providing this access.

Responsibility: City, State, Federal

Widen Interstate 5. While Interstate 5, the West Coast’s commercial backbone, was widened through north Salem during the 1990s, south of Mission Street the interstate is just two lanes in each direction. This lack of capacity slows down traffic and could prove a substantial drag on the ability to move goods and services to and from the Salem area as the region’s population continues to expand.

Responsibility: State, Federal

Deepen the Columbia River Channel. The Columbia River is located far from the Salem area, but the region’s fate is tied to this transportation route. Plans are underway to deepen the channel between the river’s mouth and Portland to allow for larger vessels with deeper drafts to continue serving ports along the river. Without access to these vessels, Oregon will suffer loss of exports to foreign markets, and it will become increasingly difficult for Oregon producers, especially farmers, to sell their products abroad.

Responsibility: State, Federal

Public Safety

A strong economy rests on an orderly community with minimal crime. In the Salem area, crime, especially property crime, costs businesses and individuals millions of dollars each year. Oregon's weak economy has caused significant cutbacks in the police, prosecutors, and jails that help deter crime and hold criminals accountable.

Continue the Fight Against Methamphetamine. The mid-Willamette Valley is facing an epidemic of methamphetamine production, trafficking, and abuse. Meth is cheap, easy to make, and highly addictive, and it can be produced anywhere using toxic chemicals like battery acid and lye. Toxic byproducts from producing meth thoroughly infect surrounding buildings, land, and water, and it can cost property owners thousands of dollars to clean up a meth lab. Abusing the drug takes a huge human toll as people ruin their lives, lose their jobs, and hurt those around them. Many addicts resort to a life of crime to support their expensive habit. Beyond the tragedy of lives wasted by this terrible drug, meth clearly has a negative economic impact as businesses lose money in lost employee time and productivity, theft, and cleanup costs. Law enforcement agencies at all levels of government should maintain partnerships they have formed and continue their fight against this drug.

Responsibility: City, State, Federal

Make Progress Against Identity Theft. Closely related to the plague of methamphetamine abuse is the Salem area's surge in identity theft, to which many drug addicts resort to pay for their habit. Identity theft, which can take the form of check fraud, credit card fraud, or other crimes, costs businesses and individuals millions of dollars in losses each year. While increased enforcement of laws against identity theft can help stem this problem, preventive measures designed to protect consumers and businesses against identity theft by restricting access to personal information and credit can help prevent the crime at minimal expense.

Responsibility: City, State, Federal

Continue Funding for COPS. In less than a decade, the U.S. Department of Justice's Community Oriented Policing Services (COPS) program has put over 100,000 additional police officers on the street, including more than 50 in Marion and Polk counties. The citizen policing fostered by COPS was among the reasons for the significant drop in crime seen during the 1990s. Despite this program's success in helping local governments crack down on crime, President Bush's budget for the upcoming fiscal year would eliminate this important program at a time when local governments need it most. Congress should maintain funding for this program and consider ways to help law enforcement agencies continue to receive COPS grants despite fiscal difficulties.

Responsibility: City, Federal

Education & Workforce Development

Business cannot thrive without a skilled workforce, making education at all levels– K-12 schools, community colleges, four-year universities, and vocational training– vital to the economic health of the state. Unfortunately, the economic downturn has led to a substantial disinvestment in education, and Oregon is quickly acquiring a national, even international, reputation as a state that is letting its education system fall apart. Business and community leaders seeking to bring new firms to the state have seen agreements fall through as potential partners express reluctance to locate here. Clearly, ensuring a strong education system will be key to improving the short and long-term economic prospects of the state.

Provide Schools Adequate, Long-term, Stable Funding. While long-term stable funding for education has been a mantra for Oregonians for years, little progress has been made in achieving this goal, and schools continue to suffer. Despite disagreement on how to provide stable funding, the Oregon Legislature must continue searching for a consensus on this vitally important issue.

Responsibility: State

Fully Fund IDEA. When Congress passed the Individuals With Disabilities Education Act (IDEA) more than two decades ago, it mandated that states and school districts provide a free appropriate education for students with disabilities. Congress agreed to pay 40% of the additional costs of educating the disabled in order to reduce the burden on states and districts. Unfortunately, Congress has never appropriated enough money to cover even half of the amount it originally promised, leaving states and districts to pick up the higher costs. Congresswoman Hooley has introduced legislation that would fully fund the federal share of the costs of special education. This measure would bring more than \$100 million in additional funding for education to the State of Oregon each year, which would eliminate a good portion of the state's education shortfall.

Responsibility: Federal

Provide Money to Modernize Schools. According to a study by the General Accounting Office, most schools are unprepared in critical areas for the 21st century. Most schools do not fully use modern technology and lack access to the information superhighway. Many old buildings have inadequate libraries and science laboratories and outdated equipment. Decaying buildings threaten the health, safety, and learning opportunities of students. Congress currently spends 23 cents per student for education infrastructure. Increasing this allocation for the purpose of construction, reconstruction, renovation or modernization will help our children thrive and stimulate the economy by creating jobs in construction.

Responsibility: Federal, State

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Fund Worker Training Programs. Because local economies need the flexibility to respond to local markets and business needs, Congress recently revamped the nation's job training program under the Workforce Investment Act to include more local control and input from businesses. Oregon's economy is changing, and much of the workforce will need additional training to fill new positions. Salem has experienced several massive layoffs, and ensuring the opportunity to train for a new job is critical to not only retaining current businesses, but also attracting new ones.

Responsibility: State, Federal

Energy

The energy crisis of 2001 reminded us that low-cost, stable energy supplies are essential to a strong economy. The higher energy prices brought on by the West Coast energy crisis hurt businesses immensely and played a significant role in worsening the region's recession.

Maintain BPA as a Northwest Resource. For decades the Northwest has enjoyed affordable electricity provided by the region's hydropower system through the Bonneville Power Administration. This low-cost energy helped develop the region's economy. Other parts of the country covet BPA's low-cost (but unsubsidized) power and continually plot to deprive our region of this resource. Unfortunately, the energy crisis of 2000-2001 hurt BPA, as well as other regional utilities, causing large rate increases that have caused economic damage. In order to prevent further harm to the region's economy, BPA's stakeholders must work closely with the federal government and its congressional delegation to keep BPA rates down and prevent other regions from unfairly taking away the benefits BPA provides the northwest.

Responsibility: Federal

Hold Down Electricity Rate Increases. The State of California's failed experience with energy deregulation provides a cautionary tale of what can go wrong when restructuring of one of the basic parts of the economy is carried out poorly. Because stable, low-cost energy supplies are the foundation of the economy, the state and federal governments must move forward cautiously with energy restructuring while ensuring that any proposals are designed first and foremost to keep energy costs as low as possible. Moreover, efforts to forge a comprehensive energy policy at the federal level must keep in mind the Northwest's unique situation and not try to impose a "one size fits all" solution on the region.

Responsibility: State, Federal, Others

Protect Salem's Interests in PGE. With Enron's bankruptcy, the future of its subsidiary Portland General Electric is up in the air. While the company may continue in private ownership, some have proposed creating a public utility district out of PGE's Multnomah County service area, and the City of Portland is also exploring the possibility of purchasing PGE. Whatever the future ownership of PGE, the Salem area must act to ensure that the governance and ownership arrangements preserve its interests in the company and its energy supply.

Responsibility: Local, State

Tourism

Oregon's natural beauty is unparalleled by any state in the Union, and the Salem area, at the center of the Willamette Valley, offers innumerable tourism opportunities for both Oregonians and out of state visitors. The Salem area should capitalize on its assets, including a soon-to-be-constructed conference center, to encourage visitors to visit and spend their money here.

Increase Tourism Promotion. Research has shown that investment in tourism promotion brings substantial economic returns. For example, the Oregon Tourism Commission estimates that every dollar it spends on tourism promotion generates \$5 in state and local taxes due to increased economic activity. However, Oregon is near the bottom in spending to promote tourism. The state should increase spending to encourage out-of-state visitors.

Responsibility: State

Continue Development of the Oregon Garden. The Oregon Garden has quickly become a major tourist attraction for the Mid-Willamette Valley, drawing a quarter million visitors yearly to see its beautiful botanic gardens, attend conventions and events, and hear concerts. While significant investments have been made in the Garden, both the private sector and the government should continue investments that will expand the Garden and bring additional tourists to the region.

Responsibility: State, Federal

Improve Use of the Willamette River. While the Willamette River is the major geographical feature of the Salem area, most residents have very little interaction with the river. Efforts are underway to help reconnect the Valley's residents with the Willamette by improving recreational opportunities along the river. For example, the City of Salem has developed Riverfront Park in recent years, and the Willamette Queen now offers sternwheeler service in Salem. Other cities in the region have similar plans for increasing river use, and if these efforts are successful and promoted well, they could be a major draw for tourists.

Responsibility: City, State, Federal

Agriculture

Few sectors of the economy have suffered as much or as long as agriculture. Agriculture's recession, which began in the 1990s when the rest of the nation was enjoying prosperity, has especially hurt Oregon because agriculture forms the foundation of much of our economy, especially in rural areas. Oregon's economic recovery will not be complete until agriculture rebounds, and the long-term health of the Salem-area economy requires a strong agricultural sector. American farmers, facing globalized commodity markets, must compete with imports from countries with impossibly cheap labor and nonexistent environmental standards. While Oregon producers may not always be able to compete on price, they can certainly beat almost any other nation or state in quality, freshness, and variety if given the opportunity through vigorous marketing efforts.

Promote Specialty Crops. The federal government spends billions of dollars every year in subsidies for "program crops" such as wheat, cotton, and rice, but virtually no money goes to producers of the hundreds of specialty crops grown in Oregon's Willamette Valley, even though low prices for many of these crops are driving farmers out of business. Recognizing the difficult time specialty crop producers have faced in recent years, in 2001 Congress provided grants to states to promote specialty crops. Oregon, a leading producer of specialty crops, received \$3.2 million but received applications for 10 times that amount. The Oregon Department of Agriculture funded 55 projects focused on product development, marketing, research, and production. Among other projects that affected growers and processors in the Salem area, RainSweet, a cooperative that produces a variety of berry and vegetable products, received \$38,500 to renovate a processing plant and develop new products using Oregon berries, a project that could produce dozens of jobs in the Salem area. Because of the important impact these grants can have on a struggling sector of Oregon's economy, Congress should make this specialty crop promotion grant a permanent program. In addition, Congress can ensure that other agricultural programs, including crop insurance and marketing assistance, as well as trade agreements, are fair to specialty crop producers.

Responsibility: State, Federal

Support Value-Added Agriculture. An old joke says that farmers never make any money because they buy retail and sell wholesale. Sadly, that adage is not far from the truth, as farmers must take whatever prices are offered on a globalized market, and these prices are often below the cost of production. Farmers now receive a lower portion of food spending than ever before, with the vast majority of every dollar consumers spend on food ending up in the pockets of middlemen rather than in the hands of struggling farmers. To bring more money directly to farmers and back into the Oregon economy, the state and federal government should pursue additional opportunities for value-added agriculture, in which local agricultural producers process

and market their own crops rather than selling wholesale. In this way, producers enhance the value of their crops and capture a greater portion of the final price of the product. For example, the largest locally-owned food processor, NORPAC Foods, is a cooperative owned by the 250 farmers who grow crops for its products, and this arrangement has helped these farmers earn more money for their crops than if they sold them on the wholesale market. At the federal level, the 2001 Farm Bill provided \$40 million in funding for a Value-Added Producer Grant; given the crisis in farm country, Congress should increase this amount, and the state should also seek ways to help support opportunities for farmers to add value to their products.

Responsibility: State, Federal

Promote Exports of Oregon Agricultural Products. Oregon's farmers produce some of the highest quality foods in the world, and Oregon must do more to capitalize on this reputation by aggressively marketing its agricultural products abroad to increase exports. The state's political leaders have shown an interest in doing this, with Governor Kulongoski recently leading a trade mission to China focused on expanding grass seed imports to this rapidly-expanding market, while Congresswoman Hooley led a delegation of foreign dignitaries in a tour of the Willamette Valley's agricultural abundance last August. The state must maintain its commitment to helping Oregon farmers and processors increase exports by continuing to fund export assistance programs through the Oregon Department of Agriculture's Agricultural Development and Marketing Division, and the federal government should continue funding programs such as the Market Access Program (MAP), which promotes American products overseas.

Responsibility: State, Federal

Promote Oregon Agricultural Products At Home. While vast new markets await Oregon agricultural products abroad, an equally important opportunity to expand market share exists within the borders of the United States. Increasing the consumption of Oregon products by Americans, both within our own state and around the country, would put additional money in the hands of Oregon farmers. The State of Oregon should aggressively promote Oregon agricultural products through a "Brand Oregon" strategy that emphasizes the benefits of buying products grown here. In addition, a "buy local" campaign that emphasizes the quality and freshness of locally-grown produce combined with increased direct marketing opportunities, such as farmer's markets, could also help keep money circulating within Oregon's borders rather than being sent to other states or countries. In addition, the federal government can help American farmers by implementing current law that requires identifying the country in which food originates, which is required under a provision of the 2001 Farm Bill. Consumers often have no way to find out where their food came from, even though many would prefer to buy from American farmers because they know food produced in the U.S. is grown to high standards of quality and freshness under conditions that

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protect workers and the environment. Giving consumers the option to buy American-grown products by identifying foods with the countries in which they were produced can help farmers compete with imports. The U.S. Department of Agriculture has expressed concerns that this requirement would be too costly, but a University of Florida study recently concluded that the cost of implementation is 90-95% less than the USDA's estimates.

Responsibility: State, Federal

Support Agricultural Research. Oregon agricultural products are among the best in the world in part because agricultural research has developed new and better varieties of plants, conquered diseases, and increased production. For example, combating Sudden Oak Death, a disease that threatens Oregon's nursery industry if allowed to spread, will depend on agricultural research. With revenues dropping off, it is tempting to cut back on expenditures for agricultural research, but the long-term economic health of agriculture in the Willamette Valley requires perpetual innovation through continued research. Without this innovation, Oregon producers will no longer have the edge on quality, leaving them unable to compete with other countries.

Responsibility: State, Federal

Additional Proposals

Reduce Water and Sewer Rate Increases. Water users in the City of Salem face substantial annual rate increases that will help pay for upgrades to the sewer system designed to reduce outflows of raw sewage into the Willamette. While these improvements will help protect the Willamette River, they come at a heavy price for water-intensive businesses, especially food processors, many of whom could face closure if rates continue to climb. Salem provides businesses grants to promote more efficient water use, and the city should continue working with these industries to reduce their costs. In addition, the federal government should fund a significant portion of these upgrades to reduce the cost to ratepayers.

Responsibility: City, State, Federal

Redevelop Brownfields. Across the nation, thousands of acres of contaminated land lie vacant, unable to be developed until they are restored to a clean bill of environmental health. Many of these brownfields lie in blighted urban areas that desperately need economic revitalization, and many properties in Salem with great economic potential, including abandoned industrial sites and former gas stations, need to be cleaned up before they can be redeveloped. In 2000 Congress passed legislation providing funding for brownfield remediation work, and Congress should continue to fund this important investment so that local governments like the City of Salem can take advantage of opportunities for redevelopment.

Responsibility: City, Federal

Increase Federal Portion of Medicaid Money. Medicaid, a health insurance program funded jointly by the federal government and the states, faces a period of rapidly escalating costs at a time when the need among the population it serves-- the low-income disabled, families and elderly-- is rising. The federal share of Medicaid is based on a matching percentage known as the FMAP under which a state must pay its share of Medicaid program costs to receive matching federal payments. If the federal government were to temporarily raise its match the next six quarters, Oregon could receive up to \$225 million through the end of federal fiscal year 2004. This would provide immediate relief to the state budget, freeing up money for K-12 education, public safety, and economic development.

Responsibility: Federal

Extend Unemployment Benefits. Beyond the impact on the unemployed, the loss of millions of dollars in purchasing power provided by unemployment benefits will cause a further deterioration of the state's economy. Congress and the Oregon Legislature should both extend benefits until the unemployment rate declines substantially; both the state and federal governments should extend benefits so the burden is not solely placed on either trust fund.

Responsibility: State, Federal

Facilitate Willamette University's Campus Expansion and Integration Into the Community. Willamette University, an important presence in the community, recently received an \$11 million gift from Tokyo International University of America to begin an ambitious campus transformation project. Willamette's project, which will expand the campus beyond its traditional core and better integrate it into the surrounding community, is an exciting opportunity to improve central Salem and build stronger relationships between the university and the community. The City of Salem and community groups should work with the university to ensure that Salem maximizes its benefit from this excellent institution of higher learning.

Responsibility: City