

Chapter 2. ECONOMY OVERVIEW

Economy benchmarks track progress toward achieving Oregon's first goal: "quality jobs for all Oregonians" (see Figure 1, page 4). While the economy seems to be doing well, Oregon's overall economic performance over the past biennium weakened from a C+ to a C.

Performance worsened for:

- *New Companies (A to B+)*. In 1999, Oregon's ranking in new companies was 11th, after ranking 7th or 8th for several years mid-decade.
- *Professional Services (B+ to D)*. Oregon's employment concentration in professional services (finance, insurance, business, engineering, management and legal professions) declined relative to the U.S. concentration in professional services.
- *Per Capita Income (C+ to D)*. During the 1990s, Oregon's per capita income fluctuated between 93% and 96% of the national average. It peaked in the mid-1990s and then fell off slightly.
- *Net Job Growth*. In Oregon, job growth peaked in the mid 90s, then dropped in 1998.

Oregon has also enjoyed some economic successes:

- *Employment Dispersion*. The percentage of Oregonians employed in rural areas improved .
- *Traded Sector*. Industries that compete in multi-state, national and international markets increased steadily from 1993 to 1997.
- *Venture Capital Investments*. Oregon's rank rose to 10th in the nation in 1999.
- *Workers' Compensation Costs*. Oregon's national rank improved significantly over the decade.
- *Income per Worker*. Oregon has experienced a dramatic rise in annual payroll per covered worker.
- *Workers at 150% of Poverty*. In 1990, 30% of working Oregonians earned wages that could support a family of four at or above 150% of poverty. By 1999, that increased to 35%.
- *Unemployment Rate*. Estimates for 2000 show a drop to the decade low of 4.8% (in 1995).

	1998	2000	Page
KEY ECONOMY BENCHMARKS			
Employment Dispersion	F	D	9
New Companies	A	B+	10
Professional Services	B+	D	11
Research & Development	C-	C	12
Per Capita Income	C+	D	13
OTHER ECONOMY BENCHMARKS			
Traded Sector Strength	D	B-	14
Net Job Growth	A	F	14
Economic Diversification	N/A	N/A	14
Venture Capital Investments	F	B	15
Workers' Compensation Costs	A	A	15
On-Time Permits	C	C	15
Income per Worker	A	A	16
<i>Income Disparity</i>		<i>new</i>	16
Workers @ 150% Poverty	B	A	16
Unemployment Rate	F	A	17
<i>Exports</i>		<i>new</i>	17
Foreign Language Skills	F	D	17
AVERAGE OTHER GRADE	C	B-	
OVERALL ECONOMY	C+	C	

* The overall grade is a weighted average. Each key benchmark is given a weight of one. All other benchmarks are averaged, and that average is also given a weight of one.

NEW OR MODIFIED BENCHMARKS FOR ECONOMY

New or Modified Benchmarks	Rationale
5. Oregon's concentration in professional services relative to the U.S. concentration in professional services.	This has been reworded to make it more understandable.
7. Industry research & development expenditures as a percentage of gross state product: a. industry, b. academia.	This has been expanded to include academic research and development.
9. Oregon's national rank in the cost of doing business: a. labor costs, b. energy costs, c. tax costs.	This incorporates previous benchmarks on business taxes, health care costs and workers' compensation costs.
11. Per capita personal income as a percentage of the U.S. per capita income: a. metropolitan as a percentage of metropolitan U.S., b. non-metropolitan as a percentage of non-metropolitan U.S.	This is now stratified to provide a more accurate picture of how rural residents are doing financially.
12. Average annual payroll per covered worker: a. urban, b. rural.	This is now stratified to provide a more detailed look at how rural residents are doing.
13. Comparison of average incomes of top 5 th families to lowest 5 th families: a. ratio, b. national rank.	This measure replaces the "percent of Oregonians in the middle income range." It provides a better measure of income disparity.
15. Oregon unemployment as percent of U.S. unemployment.	This new measure of unemployment focuses on how well Oregon is doing in comparison to the U.S.
16. Non-primary exports as a percent of total exports.	This new benchmark measures export market diversification. It replaces the benchmark on international trade (non-stop international flights).

Benchmark
1

Key Benchmark

EMPLOYMENT DISPERSION

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

Grade
D

Rural Employment Sees Recent Improvement

Contributes to Goal 1, Quality Jobs for All Oregonians

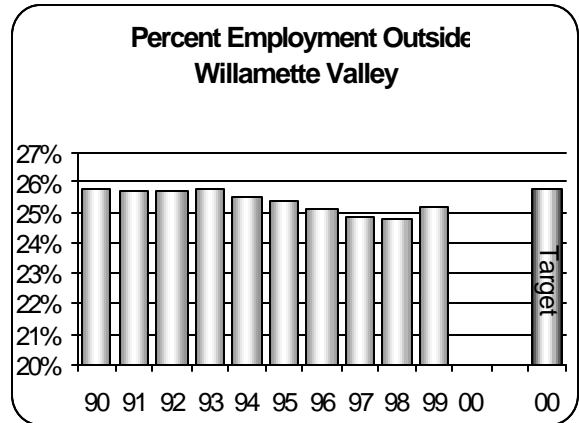
Oregon’s urban areas are often more attractive to business and job growth, leaving many rural areas behind. This limits job and business opportunities for rural Oregonians and stifles general economic development for their communities, many of which have had a traditional resource-based economy.

Target Aims for Rural Equality

This benchmark reflects Oregon’s desire to maintain or restore rural employment relative to that of urban areas. Rural counties took a disproportionate hit during the 1990's when Oregon's economic growth swelled urban employment and left rural areas behind.

Results: Recent Improvement is Encouraging

After a downturn lasting half a decade, the percentage of Oregonians employed outside of the Willamette Valley showed an encouraging move up in 1999. This, however, is not evidence of a long term trend, and continued efforts to address this benchmark will hedge the unlikely possibility that this battle is won.



Source: Oregon Employment Department

RURAL/URBAN DISPARITY INDEX

	1994	1995	1996	1997	1998
OR	49 th	14 th	34 th	46 th	33 rd
WA	43 rd	49 th	43 rd	49 th	47 th

Source: CfED, The Development Report Card 1st = Best

How Oregon Compares

Nationwide, for four of the last five reporting years, Oregon ranked low - Washington lower – on rural employment and earnings.

What Needs to be Done

Oregon Shines II stresses two main strategies: 1) "add value" to the traditional natural resource based econ-

omy of rural Oregon, which may encourage exports to fast growing Pacific Rim countries; and 2) diversify the industrial mix. Adding value to a base product or service means putting it through additional processing that increases its value. For example, finished furniture is value added to milled lumber; and milled lumber is value added to harvested logs. The effect of "adding value" on jobs can be striking. For every one million board feet of raw lumber, three jobs can be created; for lower-end millwork 20 jobs can be created; and for making high-end furniture 80 jobs can be created.

Diversification, likewise, helps a local economy survive a possible downfall of any one of its industrial sectors. Encouraging new software companies, light manufacturing, health care and other professions to move in to a rural community will lower this risk. There is also a growing segment of the new connectivity-based work force that has the freedom to live and work anywhere. Given a good quality of life with a healthy environment and good roads, schools and airports, these "wired yuppies" could add a welcome boost to many rural economies.

“Sustainable Rural Oregon” is a major initiative in the Governor’s proposed 2001-2003 budget. It allocates funds for infrastructure (including sewer/water and telecommunications), community development and rehabilitation, and partnering with urban businesses. The budget also targets \$3 million for the Brand Oregon Marketing Campaign, which will leverage a common marketing message between agriculture and tourism.

Relevant State Agencies: Economic and Community Development Department, www.econ.state.or.us; Employment Department, www.emp.state.or.us. (See the Oregon Progress Board website for other key players and stakeholders.)

See Also: www.rupri.org, www.usda.gov, www.ext.usu.edu/WRDC

Benchmark
3

Key Benchmark
NEW COMPANIES
Oregon's national rank in new companies.

Grade
B

Oregon a Leader in New Companies

Contributes to Goal 1, Quality Jobs for All Oregonians

The rate at which businesses start is a measure of entrepreneurial energy and an important sign of a robust economy. If entrepreneurs are slowed by unnecessary delays in the regulatory process, hampered by a shortage of qualified workers or strapped for cash by limited access to capital, new companies that could create jobs for Oregonians may never form.

Target Ambitious Given 1998 Data

Based on optimistic results in the mid 1990s, this target aimed to have Oregon achieve a ranking of between 5th and 10th out of all states for new business starts by 2000.

Oregon Still in the Top 15 for Business Starts

In 1998, Oregon's ranking in new companies fell from seventh to 14th, after holding firm to the better rank for four straight years. Its ranking then improved to 11th in 1999. The less favorable rank from mid-decade may be a result of a full employment economy, which is associated with fewer new companies. Also, improved economic conditions in California and other states may have depressed entrepreneurial energy by slowing immigration to Oregon. Finally, entrepreneurs tend to come from the 25 to 45 year cohort and Oregon's population is aging.



Source: CfED, The Development Report Card

OREGON'S RANK COMPARED TO WASHINGTON

	1994	1995	1996	1997	1998
OR	8 th	7 th	7 th	7 th	14 th
WA	1 st	1 st	1 st	1 st	1 st

Source: CfED, The Development Report Card

1st = Best

How Oregon Compares

Because of its robust software and dot-com industry, Washington is the perennial favorite for entrepreneurs, ranking first nationally for many years. Oregon has been able to benefit from proximity to both Washington and California.

What Needs to be Done

Experts say that in today's economy, fast-growing firms are searching for high quality locations rather than low taxes or costs such as those associated with labor, energy, and transportation. Several factors influence where entrepreneurs now start and grow companies including: the quality of universities, skilled labor pool, airports, a nice place to live and a business climate favorable to entrepreneurs. Oregon continues to be a nice place to live, but its weaknesses are in the other four factors, especially the limited skilled labor pool and support from or for universities. As in benchmark #5 (professional services) and #7 (research and development), experts recommend that Oregon expand its talent pool of engineers, computer science, business and other professionals by increasing university enrollment and degree production. In addition, the culture of Oregon's universities should encourage faculty interaction with industry.

Relevant State Agencies: Oregon Economic and Community Development Department, www.econ.state.or.us; Department of Agriculture, www.oda.state.or.us; Department of Consumer & Business Services, www.cbs.state.or.us; Department of Community Colleges and Work Force Development, www.odccwd.state.or.us/colleges. (See the Oregon Progress Board's web site for other key players and stakeholders.)

See also: www.i2m.org/osbdcn.html, www.innovationcenter.org, www.sbaonline.sba.gov, www.oef.org

Benchmark

5

Key Benchmark

PROFESSIONAL SERVICES

Percentage of professional services exported (imported) relative to Oregon's industry demand (U.S. = 100%).

Grade

D

Oregon's Professional Sector Decreasing Compared to U.S.

Contributes to Goal 1, Quality Jobs for All Oregonians

This benchmark refers to professionals in the fields of finance, insurance, business (including advertising and design services), engineering, management and legal services. Increasing Oregon's share of this professional sector could contribute to improved competitiveness of Oregon's own businesses and improved cash flow into the state when these services are exported.

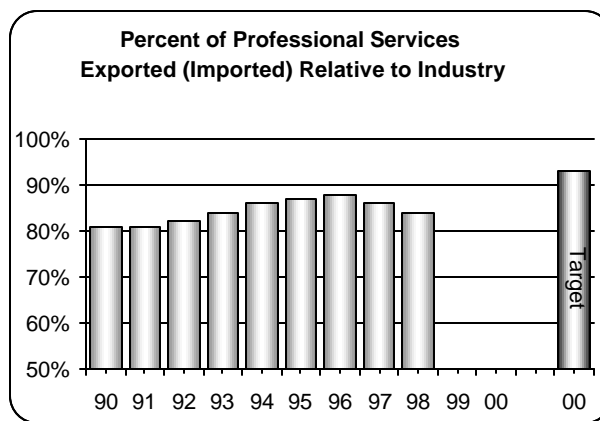
Targets Aim for Net Exports

This benchmark is based on a statistical device called a location quotient, which measures the degree to which a given industry is concentrated in a given place. It is calculated by dividing the proportion of the region's economic activity in an industry by the proportion of the nation's economic activity in that same industry.

Applied to professional services, this is a proxy measure of the relative strength of Oregon's professional services sector. Oregon's goal is to eventually become a net exporter of professional services. *In the future, this benchmark will be reworded to be more understandable.*

Oregon's Professional Sector Has Lost Ground

Oregon's progress in achieving professional parity with the U.S. dropped after a five-year rise ending in 1996. In 1998, Oregon was back to 1993 levels. State officials report that after four years of 7-8% annual job growth (1993 to 1996), Oregon's professional sector slowed to only five percent growth in 1997 and two percent in 1998. The decline in the benchmark may reflect a more robust professional growth rate in other major cities and states, as well as growth in other industrial (non-professional) sectors within Oregon. The numbers indicate that the professional sector in Oregon has simply not kept pace.



Source: Oregon Employment Department

OREGON'S RANK IN PROFESSIONAL SERVICES COMPARED TO WASHINGTON

	1995	1996	1997	1998
OR	25th	25th	26th	27th
WA	26th	26th	27th	25th

Source: Oregon Employment Department

1st = Best

How Oregon Compares

Both Oregon and Washington rank in the middle of all states for professional services employment. This has remained unchanged since 1995.

What Needs to be Done

The Governor's Tax Review Technical Advisory Committee has noted that "Oregon's heavy reliance on personal income tax compared to other states, including Washington and California, discourages activities that produce high levels of taxable personal income. These activities include the professional services and software sectors." Professional services advocates believe that a broader tax base would encourage more activity in this sector. Others suggest the creation of strategic partnerships among different professional services firms to allow smaller, non-metropolitan firms to compete for out-of-state contracts. Finally, sustaining a good quality of life with a healthy environment and good roads, schools and airports will make Oregon more attractive to this segment of the workforce, which can often choose to live anywhere.

Because the economic mainstay of the 21st century will be technology, Governor Kitzhaber's proposed 2001-2003 budget targets \$20 million to support investments in engineering education. Additional private sector funding will be dedicated to the proposal, as well.

Relevant State Agencies: Oregon Economic and Community Development Department, www.econ.state.or.us; Oregon Employment Department, www.emp.state.or.us. (See the Oregon Progress Board website for other key players and stakeholders.)

See Also: www.pscoregon.org

Benchmark
7

Key Benchmark

RESEARCH & DEVELOPMENT

Research and development as a percentage of Oregon's gross state product.

Grade
C

R&D Continues Slow Expansion

Contributes to Goal 1, Quality Jobs for All Oregonians

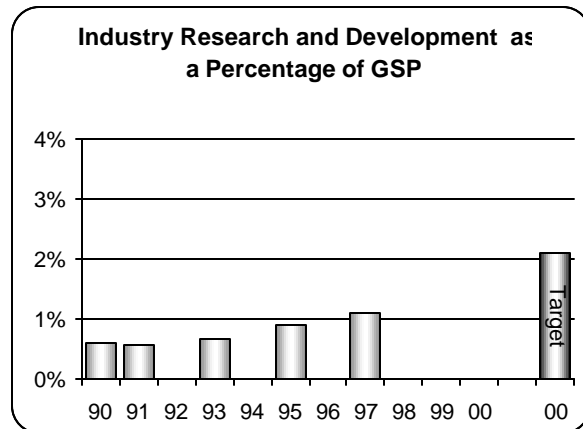
Most companies need R&D to stay competitive and robust in the emerging knowledge-based economy. This applies to the fast moving fields of technology as well as to manufacturing companies, for which R&D adds significant product value and marketability.

Target Set with Technology in Mind

The intent of this benchmark is to elevate alarmingly low levels of R&D spending in Oregon. In 1997, for example, R&D spending was 1.11% of gross state product as opposed to 1.82% nationwide. *Future reports will stratify this benchmark to show R&D dollars invested by industry and academia.*

Results: R&D Gaining Momentum

The chart at right shows that Oregon's R&D is growing at a slightly faster rate than its gross state product (which increased by 49.6% from 1993 to 1998). To continue and/or accelerate this improvement, R&D must occur in industrial sectors where research and development spending is more significant as measured in percent of sales. The National Science Foundation, the Department of Defense, and the National Institutes of Health vigorously fund academic research. R&D growth would accelerate if Oregon was better represented in the related fields of aerospace, medicine, engineering, and advanced materials science.



Source: National Science Board, Science & Engineering Indicators

How Oregon Compares

This table shows that Oregon's R&D spending relative to its gross product is lower than that of both Washington and the nation. Washington is extremely high due to its concentration of hi-tech companies requiring intensive R&D. Two corporate giants which invest in R&D vigorously – Microsoft and Boeing – are also headquartered in that state.

R&D SPENDING AS A PERCENT OF GSP

	1991	1993	1995	1997
OR	0.58%	0.67%	0.91%	1.11%
WA	2.62%	3.39%	2.83%	3.79%
US	1.73%	1.80%	1.81%	1.82%

Source: NSF, Science & Engineering Profile

What Needs to be Done

The following strategies have been suggested to boost R&D spending in Oregon: 1) encourage the growth of R&D intensive industries; 2) increase the availability of venture capital for technology start-ups; 3) increase university graduates in engineering, computer science, and other professional fields; and 4) strive to equal the national average in public/private partnerships supporting later-stage university research of interest to industry. Other factors associated with the R&D-intensive technology sector include: an outstanding quality of life to attract professionals; good roads, airports and advanced telecommunications networks; "knowledge workers" – college graduates and post-graduates who create new product ideas and add value before and after manufacturing; access to capital for rapid business expansion; and research universities with leading faculty who produce cutting edge discoveries.

Governor Kitzhaber's proposed 2001-2003 budget, in addition to allocating additional funds for engineering, is also targeting \$10 million annually to support expanded biotechnology research at Oregon Health Sciences University. According to budget documents, this is designed to attract an estimated \$300 million in out-of-state medical research revenues every year.

Relevant State Agency: Oregon University System, www.ous.edu. (See the Oregon Progress Board website for other key players and stakeholders.)

See Also: www.nsf.gov/sbe/srs/sepro/start.htm

Benchmark

11

Key Benchmark

PER CAPITA INCOME

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

Grade

D

Quest for Income Parity Stalls

Relates to Goal 1, Quality Jobs for All Oregonians

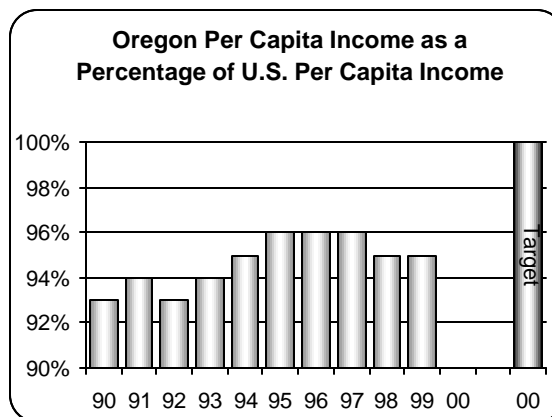
Per capita income is considered one of the most important benchmarks monitored by the Oregon Progress Board. It compares the various types of incomes Oregonians receive (such as earnings, interest payments, capital gains, and pension payments) to the U.S. as a whole. Per capita income is an excellent indicator of general economic health.

Target Aim for Parity with US

This benchmark directly compares the average personal income of Oregon with that of the nation. Attaining the 100% level means that Oregonians would have an average annual income equal to the nation. The Oregon Progress Board targeted 100%, parity with the U.S., by the year 2000. *In the future, this benchmark will be modified to differentiate between urban and rural incomes.*

Results: Oregon Incomes are Holding Steady at 95% of the U.S. Average

Despite the fact that average payroll for Oregonians steadily increased in the 90s (see Benchmark 12, page 16), Oregon's per capita income remains between 93% and 96% of the national average. State officials verify that average pay has increased faster nationwide relative to Oregon. The gains early in the decade may have been a result of both rapid high tech job growth and in-migration by Californians who were escaping the economic woes of their state at the time. The decline in 1998 and 1999 might be explained by the Asian economic crisis which disproportionately affected Oregon during that period.



Source: Oregon Employment Department

NATIONAL RANK FOR INCOME

	1996	1997	1998	1999
OR	22 nd	22 nd	24 th	25 th
WA	16 th	13 th	12 th	12 th

Source: U.S. Bureau of Economic Analysis 1st = Best

How Oregon Compares

This table shows that Oregon falls in the middle of all states in terms of per capita income relative to that of the U.S. With its much more robust software and dot-com industry and entrepreneurial climate, it is not surprising that Washington ranks 12th compared to Oregon's rank of 25th.

What Needs to be Done

Oregon is inexorably linked to the global economy, which directly impacts jobs, dividends and per capita income. More than most other states, Oregon depends on Asian trade. State policies can influence these factors, but only marginally. The constellation of efforts called for by other benchmarks focusing on economic performance – including research and development, new companies, and professional services – will also contribute to improved per capita income of Oregonians. As stated in *Oregon Shines II*, logical strategies to accomplish this include: investing in human capital through education; investing state and federal funds in infrastructure; stimulating job creation for the unemployed and under-employed; facilitating business investment in willing communities; and encouraging business start-ups and expansions through technical and financial assistance.

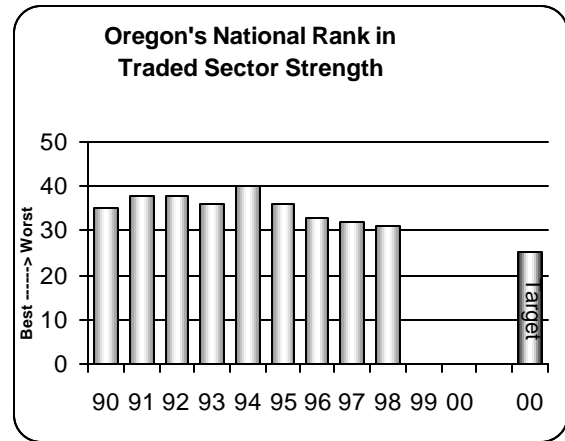
Relevant State Agencies: Economic and Community Development Department, www.econ.state.or.us; Adult and Family Services Division, www.afs.hr.state.or.us; Department of Community Colleges and Work Force Development, www.odccwd.state.or.us/colleges; Oregon Employment Department, www.emp.state.or.us; Oregon University System, www.ous.edu. (See the Oregon Progress Board website for other key players and stakeholders.)

See Also: www.oea.das.state.or.us, www.bea.doc.gov/bea/regional/data.htm

2	Traded Sector Strength <i>Oregon's national rank in traded sector strength.</i>	For Benchmark 1, see page 9.	Grade C
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Traded Sector Strength Slowly Improving

“Traded sector” means industries that compete in multi-state, national and international markets. These industries include agriculture, mining, forestry, R&D, air transportation, financial, management, computer and other professional services. The more this sector trades, the more money flows into the state, bolstering its economy. Oregon’s national ranking for this indicator fell (up on the chart) modestly until 1993 then rose (down on the chart) steadily until 1998, the most recent year data are available. Oregon has revised its eligibility requirements for industry development and training funds to target new jobs in “traded sector” industries (Adm. Order No.: EDD 1-2000). These funds may be used for workforce development, research and development, and other activities that will enhance the competitiveness of Oregon companies.



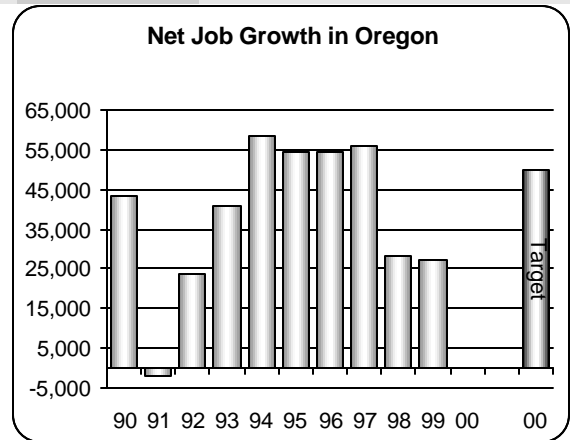
Source: CJED: The Development Report Card

4	Job Growth <i>Net job growth.</i>	For Benchmark 3, see page 10.	Grade F
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Oregon Job Growth Slowed in Late 90's

Following the pattern of many economic indicators for Oregon, net job growth in Oregon peaked in the mid 90s then dropped in 1998. Again, this may be due to a variety of factors, including the Asian economic crisis which began to impact Oregon significantly at that time. Other factors include the completion of several large high technology expansions, continued decline of Oregon’s resource-based rural industries, and the fall-out from other economic indicators such as fewer new companies.

Remedies here reflect those for the economy in general: improve skills and professionalism of Oregon’s labor pool to attract high tech and knowledge-based jobs.



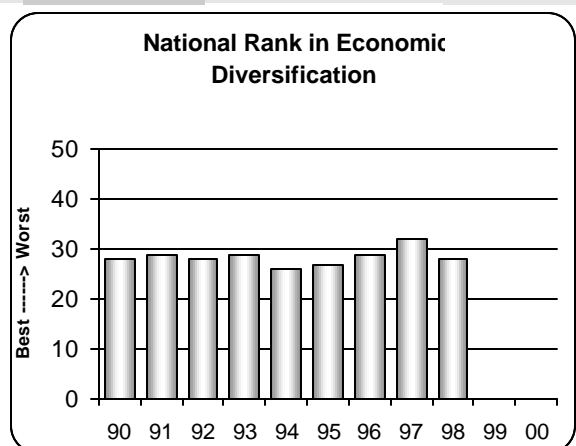
Source: Oregon Employment Department

6	Economic Diversification <i>Oregon's national rank in economic diversification (1st = most diversified).</i>	For Benchmark 5, see page 11.	Grade N/A
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Oregon's Economy Less Diversified Than Most States

This benchmark is a measure of the stability of Oregon’s economy. It compares the gross state product for Oregon and the nation for each industry type (see endnote for more detail). Dependence on a few dominant industries makes the economy vulnerable to industry-specific ups and downs. The more diversified an economy is, the better it can withstand these fluctuations. The goal is to encourage the growth of employment in less prominent industries that can help stabilize the economy.

Since 1990, more than half the states have been ahead of Oregon for this benchmark. Improving progress in other economic benchmarks such as professional services (#5) and research and development (#7) may have a positive impact on this benchmark, as well.



Source: U.S. Dept. of Commerce, Bureau of Economic Analysis

8

Venture Capital

Oregon's national rank in venture capital investments.

For Benchmark 7, see page 12.

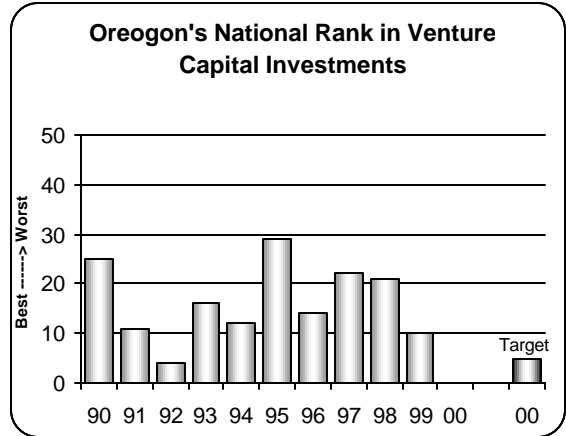
Grade **B**

Oregon Well-Capitalized Compared to Other States

This is an indicator of a rapidly developing economy. Venture capital firms provide early-stage capital for businesses with high growth potential and can be instrumental in the formation and expansion of growth industries.

This indicator appears to be volatile, as demonstrated by the sharp but unsustainable improvement in Oregon's national rank for both 1991-92, 1996 and 1999. This may be due to the relatively small but growing nature of the venture capital industry which, according to the Corporation for Enterprise Development, is concentrated in just a few states. However, it does appear that as of 1999, Oregon is ahead of 40 other states for this benchmark.

The 2000 target for this benchmark aims for Oregon ranking in the top five.



Source: CjED: The Development Report Card

9

Workers' Compensation Costs

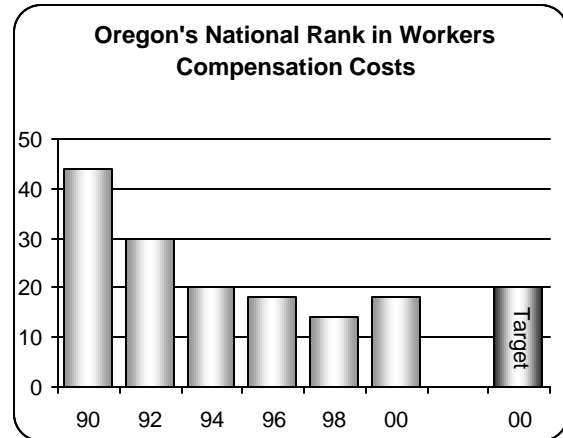
Oregon's national rank in workers compensation costs.

Grade **A**

Oregon a Leader in Workers' Compensation Reform

In 1986, Oregon was the sixth highest in the nation in workers' compensation premiums and had one of the nation's highest occupational injury and illness claims frequencies. Between 1987 and 1997 the legislature formed a state department dedicated to workers' compensation and passed series of legislative reforms. These initiatives, involving both public and private leadership, created a unique program in Oregon. Oregon is now a national leader, having lowered employer costs, raised worker benefits, and maintained falling injury, illness and fatality rates.

In the future, this benchmark will rank Oregon against other states for overall costs associated with labor, energy and taxes. This is a more accurate reflection of the total cost of doing business in Oregon.



Source: Regional Finance Association

10

On-Time Permits

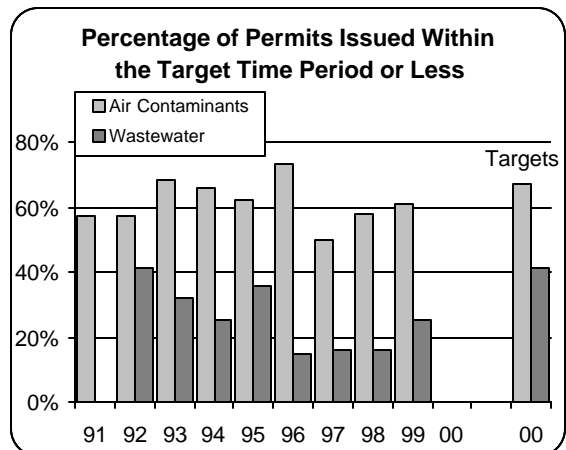
Percentage of permits issued within the target time period or less: a. air contaminants, b. wastewater.

Air **B-** Water **D**

Permit Turn-around Times Show Some Improvement

With stakeholder involvement, targets have been set for turning around permit applications from businesses seeking to build or expand. Timely response is important to get businesses operational and financially viable as quickly as possible. Permits can also have conditions in them about phasing down pollution, so the quicker they are in place, the better off the environment is. Yet each permit application must allow adequate time for consideration and public input.

Air contaminant and wastewater permits have improved in turn-around time since 1996 (wastewater) and 1997 (air). However, wastewater permit improvement has been minimal and is still well under its target for the year 2000.



Source: Oregon Department of Environmental Quality

12

Income per Worker

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

For Benchmark 11, see page 13.

Grade

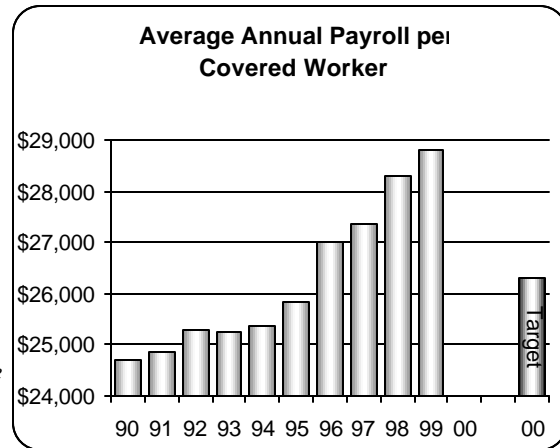
A

Average Payroll per Worker Rising Dramatically

This benchmark reflects the quality of jobs, how each worker is faring (as opposed to households), level of productivity and standard of living. These data exclude self-employed or other positions not covered by unemployment insurance.

Data indicate a dramatic rise in annual payroll per covered worker in the late 1990s. This is consistent with the growth of the new economy and its higher-paying, knowledge-based jobs. However, state officials point out that Oregon's per worker payroll is not growing as fast as the U.S. as a whole.

In the future, this benchmark will be stratified into urban and rural components, allowing a more accurate picture to emerge about payroll differences between Oregon's disparate economies.



Source: Oregon Employment Department

13 (New)

Income Disparity

Comparison of average incomes of top 5th families to lowest 5th families.

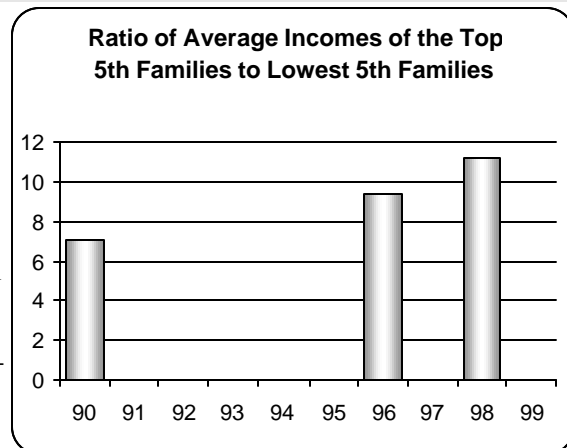
Grade

N/A

Gap Between Rich and Poor Widening

This new benchmark addresses income disparity, the gap between the rich and the poor. Experts agree this is widening nationwide and in Oregon. Data show that in 1990, the top fifth of Oregon families earned seven times more than the bottom fifth. By 1998, they earned 11 times more. Targets for this benchmark aim to reduce income disparity in Oregon. (See Appendix A.)

This problem is likely a result of economic change away from a large manufacturing industry that provided well-paying jobs for minimally-educated people in rural settings. These jobs provided incomes near the middle of the income distribution. Many of them have been lost. Today's rapidly growing service industries tend to create jobs paying either lower or higher than average wages, exacerbating the disparity issue.



Source: Economic Policy Institute

14

Workers at 150% of Poverty

Percentage of covered Oregon workers with earnings of 150% or more of poverty (for a family of four).

Grade

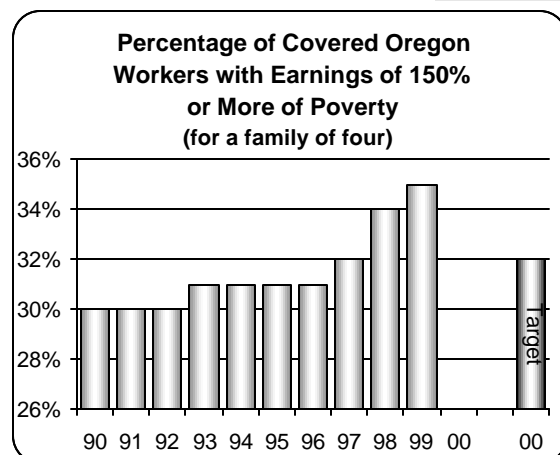
A

Percentage of Workers over 150% of Poverty is Rising

This benchmark tracks the skills and employability of those in poverty and their progress in obtaining jobs providing wages greater than the poverty level. The measure includes all workers covered by unemployment insurance regardless of size of family or hours worked.

In 1990, 30% of working Oregonians earned wages that were at or above 150% of poverty (\$25,575 for a family of four). By 1999, that increased to 35%, surpassing the target of 32%.

While Benchmark 13 indicates that the income gap is widening, this data could suggest that although the rich may be getting richer, Oregon's poor are not necessarily getting poorer.



Source: Oregon Employment Department

15

Unemployment Rate

Unemployment rate (civilian labor force, annual average).

Grade

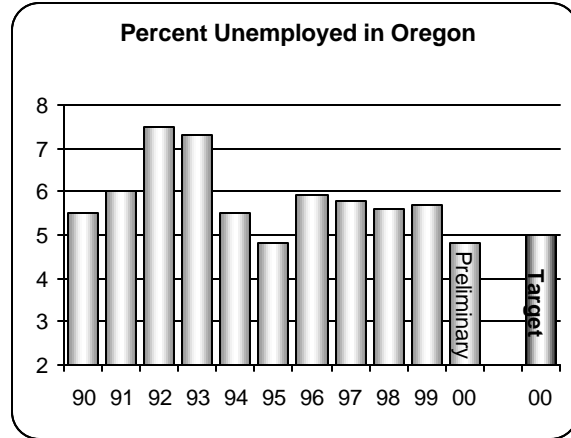
A

Unemployment at Decade Low

Unemployment is often regarded to be a good general indicator of economic health. Two caveats: 1) this rate does not include many underemployed individuals; and 2) rates often differ substantially by race and ethnicity.

After peaking at 7.5% in 1992, the unemployment rate in Oregon receded to just below 6% and has stayed in that range until 1999. Preliminary estimates for 2000 show a drop to the decade low of 4.8% previously set in 1995.

To provide additional insight, this benchmark will be modified to present Oregon's unemployment rate as a percentage of the U.S. unemployment rate.



Source: Oregon Employment Department

16
(New)

Exports

Exports to non-primary partners as a percentage of total exports.

Grade

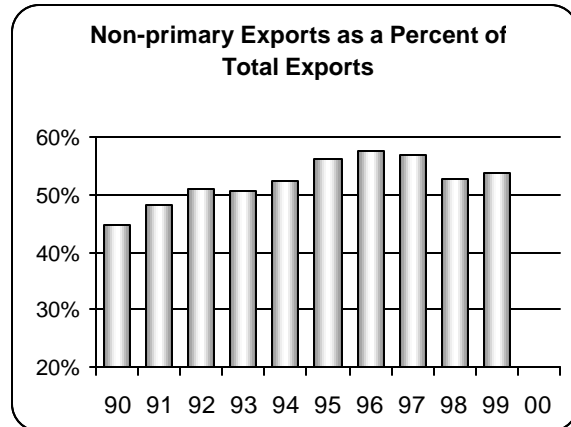
N/A

New Benchmark Aims to Diversify Oregon's Exports

International trade is important for Oregon, and it has a high reliance on three main trading partners: Canada, Japan and South Korea. By measuring the percent of exports that are sent to *non-primary* export partners, this new benchmark aims to reduce Oregon's dependence on the economies of just a few countries.

Data for the last ten years show that Oregon improved the percentage of its exports to non-primary trading partners from about 45% in 1990 to nearly 58% in 1997. It subsequently dropped to 54% in 1999.

Targets for the years 2005 and 2010 aim to increase exports to non-primary partners (see Appendix A).



Source: Oregon Economic and Community Development Department, International Division

17

Foreign Language Skills

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

Grade

D

15% of Oregonians Speak a Foreign Language

Oregon's economic strategy strives to increase its global competitiveness. This benchmark is intended to reflect the international mindset and skills of the population. Specifically, the benchmark gauges the degree to which Oregonians are able to work in international business, academic and humanitarian circles.

Data indicate that the estimated percentage of Oregonians speaking a language other than English fell from 17% in 1992 to 14% in 1996 and 1998. The 2000 survey shows that 15% of the respondents speak a language other than English.



Source: Oregon Population Survey