

2005 Pacific NW  
Economic  
Dev't Council Conference  
Resort at the Mountain  
June 21, 2005



# Long Term Rural Economic Dev't Strategies

- Jim Azumano, Director, Office of Rural Policy, Oregon Governor's Office
  - County Administration
    - Rural Hospital Board
    - Rural Migrant Outreach Programs
  - City Administration
  - Justice Agency Management
  - International Business
  
  - WHY JIM AZUMANO?



# FIRST KEY MESSAGE

- “Even a blind squirrel finds a nut once in awhile.”



# What is the Office of Rural Policy?

- Requested by rural leaders
- Established by Executive Order of the Governor
  - To formulate rural policy for the state;
  - To centralize information about rural issues;
  - To be a liaison between rural officials, the Governor, the Legislature;
  - Rural Policy Liaison representatives
  - Rural Policy Advisory Committee



# The Advisory Committee

- 10 bipartisan volunteers from across the state;
  - Representing diverse interests of cattle, wheat, health care, construction, housing, a Native American tribe, land use, rural media, vets, coastal issues, and electrical power.
- 4 additional members from the Legislature;
  - 2 State Senators, one from each party;
  - 2 State Representatives, one from each party;



# Liaison Representatives

- Appointed by the State Agency Directors
  - To assist in locating or restructuring existing agency information about the rural economy;
  - To be available for questions or meetings;
  - To identify key agency policies, procedures, practices in rural communities;
- Focus – rural issues



# What does the Governor want?

- Improve the State economy by improving the sustainability of the rural economy.
- To provide the 2007 Legislature with rural policies, which will create a vision for LONG RANGE concepts;
- Creative and effective key strategies which will support over-arching rural policies.
- Sustain the rural culture and family lifestyle.



# Inclusive Process

- Rural leaders want their agenda to be heard;
- Rural citizens want flexible policies without the generic “one size fits all” approach;
- Focused on rural - Not duplicative of legislators;
- Local citizen involvement includes the formal and informal forums;
- Survey the silent majority
- Advice created by the rural people for the rural people.





# Water Resources

- WATER is the lifeblood of our rural and urban communities;
- Factors: global warming, population growth; the role of fish; capacity of soils;
- Expansion and patented water rights challenged; summer spill;
- Federal requirements
- Proposal: water storage investigation



# Polling the Experts

- By a show of hands, how many of you are confident that your water supply is adequate for the next 25 years?
  - What will be your population in 25 years?
  - How many acres of land will we need to irrigate?
- How many of you think we need additional water storage someplace within your jurisdiction?
  - Underground?                      -- Store during high water
  - Above ground?                      -- Release for fish or people?
- How many aren't sure?



# Long Term Policy Implications

- Expand the scope of analysis of our water supply to 25 years and beyond.
- Investigate and assess the water needs for the next generation of people, fish, and irrigation.
- Legislate policies intended to reduce water resource litigation;
  - Improve the quality of certain contaminated waters to an acceptable level.
  - Determine the scientifically reasonable level of public health and safety of detectable contaminants.



# Sustainable Volunteer Emergency Services

- Recruitment and training
  - “Q-tips” Who will volunteer in the future?
  - Urban rules in the rural environment
  - Time is money – centralized training vs. electronic
- Cost of search and rescue;
  - Should we bill the negligent, accident victims, or both?
  - Should we bill the emergency services agency in the taxing district of the victim?
- Summer intern research project
  - Oregon Volunteer Firefighters Assn



# Long Term Policy Implications

- Sustain rural volunteer emergency services agencies
- Determine a sustainable funding mechanism by way of insurance or billing;
- Assess the sufficiency of tax deductions or exemptions for volunteer costs of training;
- Convert all rural volunteer agencies to hourly paid, professional emergency service providers.



# Polling the Experts

- By a show of hands; how many of you feel this is a significant issue?
- How many of us have had a personal experience with volunteer emergency service provider?



# Rural Health Issues

- Recruitment and retention of doctors and nurses
  - Physician
- Reform Medicaid (NGA);
- Improve quality and reduce costs (NGA)
- Strengthen employer-based of private health care coverage
- Slowing the growth of Medicaid Long-Term Care
- A national, bipartisan problem
  - Rural Health Care Coalition 104 Republicans, 74 Democrats
  - J-1 Visa Waiver program



# And Furthermore --

- Shortage of Nurses
  - More than 100 nursing vacancies in recent months in Bend and Redmond
  - “WIN” (Workforce Improvement with Immigrant Nurses) prepares foreign certified nurses for credentialing in Oregon. Unique - Only in Oregon
  - Contract ER nurses make \$100,000 /year
- Nurse Educators
  - 144 applicants to the Central Oregon Community nursing program for 36 seats.
  - Master’s degree required to teach, but registered, certified nurses make more money





# More Rural Health Issues

- Rural Waste/water systems, rates, sanitation
- Diversity recruitment
- Rural Hospital finances
- Malpractice Insurance rates - obstetrics
- Epidemiological challenges;
  - Bioterrorism
  - immigration
- Birthrates
- Access to specialty physicians
- Congressional Support
  - US Sen Gordon Smith supports the State High Risk Pool Funding Act of 2005; expanded to include Oregon; provides seed money to help states establish high risk insurance pools.



# Polling the Experts

- By a show of hands, how many of you have found that access to rural health care is a factor in the recruitment of new businesses?
- How many of you desire consistently high standards of health care wherever you go?



# Long Term Rural Policy Implications

- Develop a health care delivery system that provides consistent, economic health services;
  - Assess the feasibility of commuter air transport of patients and docs as the backbone of expanded commuter air service to rural communities.
- Create a compensation program for nurse educators to offset the salary differential;
  - An Earlier retirement benefit?
  - An employer's match to an employee's contribution into the health savings account.
  - A long term care benefit to a rural long term care facility.
- Match or exceed federal funding of programs which increase the number of docs and nurses in rural America.



# Agriculture

- Global commodity competition = \$3.8 B 2003
  - Leads the USA in grass seed, hazelnuts, peppermint, cane berries, winter pears, and Christmas trees.
  - Value added product development = \$2 B
  - Oregon Brand naming --
  - Food Innovation Center – Fizzy Fruit
  - Wheat R & D Center -- Nurseries @ \$777 M
  - Consolidation of family farms into corporate farms
- 8% of total jobs and and 9% of the Gross State Productivity
- Transition from bulk commodities to more value-added food products from our ag products.
- 56 operating farms left in Gilliam County from 357 in 2000.
- Grow energy – biodiesel fuel crops or wind aided generation of electricity.



# Long Term Policy Implications

- Emphasize agricultural technology and education
- Research and Development of new value-added food products
- Increase the number of high school and college graduates in rural Oregon.
- Transition from unleaded to biodiesel and ethanol.



# Forestry

- Reduction of available timber
  - Endangered Species Act
  - Imported logs,
  - Mill closures
  - High Tech mills
- Recycled fiber
- Poplar farms
- Last week, OR Congressman Greg Walden introduced the Public Lands Corps Healthy Forests Restoration Act of 2005, bipartisan legislation for forest land management and forest fire fuel reduction.
  - Reduce litigation
  - Pre-negotiate a policy for the management of wood salvage after a forest fire.
- Governor Kulongoski has challenged and directed the Board of Forestry for increased collaboration with the Federal Government in matters affecting our forests.
  - 1<sup>st</sup> state to adapt to international criteria



# Long Term Policy Implications

- Educate the public to the merits of the master plan, “The Forestry Program for Oregon.
- Work with the Federal natural resource agencies.
- Educate to enable a smooth transition to forest management jobs.
- Collaborate on salvage formulas and seek funding to replant forest fire burns prior to the seasonal fires. Partners in reproduction should be partners in the timber revenues.



# Telecom

- E-commerce depends on fiber
- Distribution of fiber optic rings –
  - NoaNet has a SONET ring in Horth Bend / Coos Bay and Florence.
  - Verizon also covers Reedsport south to Brookings, but is not a ring.
  - Sprint has fiber along Lincoln City, Pacific City, Garibaldi, and Rockaway, but is not self healing.
- Jackson County Telecommunications Strategic Plan project
- Distance education Strategic Plan for the south coast
- Century Tel is investing in rural America
- Transpacific cable landings





# International Relations

- Trade missions
  - Student interns -- balance of trade
  - Currency value -- metrics
- Chambers of Commerce
  - Ambassadors, BAH, Visitors' Centers,
- Service Clubs
  - Rotary, Lions, 4-H, American Field Service, DECA, Junior Achievement, Sister Cities, Inc., and private exchange programs
  - Invite a foreign student from a program or from a university on a holiday weekend when they can't go home.
- Tourism
  - Bilingual websites, brochures, and CD's
- Cultural celebrations and education
  - Study foreign languages
  - Participate in your own cultural heritage events



# The Global Economy

- Large natural resource employers in rural communities are subject to the global economy.
  - Wages in Malaysia, the Philippines, and Indonesia have skyrocketed in the last 10 years, literally doubling from \$800 per year to a lofty \$90 to \$115 per month.
  - Amalgamated Sugar is closing its Ontario, OR plant taking 100 jobs to Idaho.
  - Did we ever dream we would import wood from Canada to keep mills open in southern Oregon?
- Our Economic Development Agenda included: innovation, nanoscience, high tech, import-export, patents, site certification of industrial land, workforce development and infrastructure.



# Polling the Experts

- Which non-english speaking countries are our strongest international trade partners?
- What languages do we teach and why?



# 2<sup>nd</sup> Key Message

“IF YOU CAN’T BEAT’EM, JOIN THEM”



# Long Term Policy Implications

- Teach a greater variety of international languages.
  - Especially those of our trading partners, both buyers and sellers.
  - Globalize our web based business sites
- Expose our students to foreign languages at a younger age to help form that part of the thought process – public or private, whatever it takes.
- Provide student interns with actual trade show experience with a product or service.
- Increase the number of Sister Cities with our current or prospective international trade partners.
- Invite foreign visitors and/or domestic tourists in Chamber BAH events. Expand cycling events to attract foreign cycling clubs.



# Job Creation vs. Job Retention

- Rural communities build their local identity and culture around their few large employers.
  - In rural communities big employers come and go once in a generation.
  - Large employers want or need to locate by our main highways 97, I-5 and I-84.
- Oregon invested in the Lone Eagle project and more than 100 jobs were created in more than 40 small businesses in Wallowa County.
- W.K. Kellogg Foundation is investing \$2,000,000 in small business leadership training through RDI in Eugene; consistently investing in small business since 1979.
- The SBA and SBDC's provide small business consulting, workshops, and business plan assistance.



# Polling the Experts

- By a show of hands, how many of you believe small businesses are a significant economic driver?
- By a show of hands, how many of you feel we are doing an adequate job with the development or expansion of small businesses?
- What works? Please state your name and elaborate on some of your successes.



# Education

- In 1997 the percentage of 8<sup>th</sup> grade students who were able to read was 52.7%, but 55.6% of urban 8<sup>th</sup> graders achieved, the same, a difference of 2.9%. In 2003, the same benchmark rated 56.5% of 8<sup>th</sup> graders could read, but urban 8<sup>th</sup> graders improved to 61.7% and widened the gap to 5.2%.
- 27.6% of urban adults completed their BA degrees and only 15.8% of rural adults finished their bachelor's.
- In two all day seminars recently conducted by the Association of Oregon counties and the Office of Rural Policy, the participants came to the conclusion that Education was the most important rural economic factor.





# The Governor's View on Education

- Education of children and adults was one of his six budget principles.
- The Governor announced last winter that:
- “For the long-term health of our education system and the Oregon way of life, we must commit to three actions:
  - 1. First we must stabilize education funding so schools can budget with greater certainty.
  - 2. We must grow the economy. By increasing the number of Oregonians who are working in quality family wage jobs, we increase the amount of revenue available to support the state's essential programs.
  - 3. Third, we must create both a rainy day fund and a K-20 education investment fund. These funds will give state government – and school funding – the stability and sustainability they have lacked for years.
- Several tribes have taken their casino revenues and offer college scholarships to any Native American high school graduate.



# Polling the Experts

- In review, let's share our views on the rural economic factors presented. Please raise your hand for the most important rural economic factor. If we didn't name the right factor, please provide the standard symbolic gesture.
  - Water
  - Emergency Service Funding
  - Globalization
  - Education
  - Rural Health
  - Job Creation
  - Job Retention
  - Agriculture
  - Forestry
  - Telecom



# Final Key Message

“A penny saved is worth two in the bush.”

Jim Azumano

Director, Office of Rural Policy

[jim.azumano@state.or.us](mailto:jim.azumano@state.or.us)

(503) 986-6535

